

Union Calendar No. 276

105TH CONGRESS
2^D Session

H. R. 6

[Report No. 105-481]

A BILL

To extend the authorization of programs under the
Higher Education Act of 1965, and for other
purposes.

APRIL 17, 1998

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

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IN THE HOUSE OF REPRESENTATIVES

JANUARY 7, 1997

Mr. McKEON (for himself, Mr. GOODLING, Mr. CLAY, and Mr. KILDEE) introduced the following bill; which was referred to the Committee on Education and the Workforce

APRIL 17, 1998

Additional sponsors: Mrs. ROUKEMA, Mr. RIGGS, Mr. BARRETT of Nebraska, Mr. UPTON, Mr. GREENWOOD, Mr. CASTLE, Mr. FATTAH, Mr. ROEMER, Mr. ANDREWS, and Mr. HINOJOSA

APRIL 17, 1998

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

A BILL

To extend the authorization of programs under the Higher Education Act of 1965, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Higher Education
3 Amendments of 1998”.

4 **SEC. 2. EXTENSION OF PROGRAMS.**

5 (a) **EXTENSION OF PROGRAMS.**—The authorization
6 of appropriations for, and the duration of, each program
7 conducted under the Higher Education Act of 1965 (20
8 U.S.C. 1001 et seq.) shall be extended for each of the fis-
9 cal years ending before October 1, 2004.

10 (b) **CONTINUATION OF AUTHORIZATION AMOUNTS.**—
11 The amount authorized to be appropriated for a program
12 for each fiscal year during the period of extension under
13 subsection (a) shall be the amount authorized to be appro-
14 priated for such program for the terminal fiscal year of
15 the program.

16 (c) **PERFORMANCE OF REQUIRED FUNCTIONS.**—If
17 the Secretary of Education is required, in the terminal fis-
18 cal year of a program extended under subsection (a), to
19 carry out certain acts or make certain determinations that
20 are necessary for the continuation of such program, such
21 acts or determinations shall be required to be carried out
22 or made during the period of the extension under sub-
23 section (a).

24 (d) **TERMINAL FISCAL YEAR.**—For purposes of this
25 section, the term “terminal fiscal year”, when used with
26 respect to a program conducted under the Higher Edu-

1 ~~education Act of 1965, means the last fiscal year for which~~
 2 ~~funds are authorized to be appropriated, or during which~~
 3 ~~such program is authorized to be conducted, by such Act~~
 4 ~~as in effect on January 1, 1997.~~

5 **SECTION 1. SHORT TITLE.**

6 *This Act may be cited as the “Higher Education*
 7 *Amendments of 1998”.*

8 **SEC. 2. TABLE OF CONTENTS.**

9 *The table of contents for this Act is as follows:*

- Sec. 1. Short title.*
- Sec. 2. Table of contents.*
- Sec. 3. References.*
- Sec. 4. General effective date.*

TITLE I—GENERAL PROVISIONS

PART A—EXTENSION AND REVISION OF GENERAL PROVISIONS

- Sec. 101. Redesignation and transfer of provisions.*
- Sec. 102. Definitions.*
- Sec. 103. Regulatory reform.*

**PART B—PERFORMANCE-BASED ORGANIZATION FOR THE DELIVERY OF
FEDERAL STUDENT FINANCIAL ASSISTANCE.**

- Sec. 111. Performance-based organization for the delivery of Federal student financial assistance.*

TITLE II—POSTSECONDARY EDUCATION IMPROVEMENT PROGRAMS

- Sec. 201. Urban community service.*
- Sec. 202. Fund for the Improvement of Postsecondary Education.*
- Sec. 203. Grants to States for workplace and community transition training for incarcerated youth offenders.*
- Sec. 204. Advanced placement fee payment program.*
- Sec. 205. Teacher quality enhancement grants.*
- Sec. 206. Additional repeal.*

TITLE III—INSTITUTIONAL AID

- Sec. 301. Strengthening institutions.*
- Sec. 302. Historically black colleges and universities.*
- Sec. 303. Minority science and engineering improvement program.*
- Sec. 304. General provisions.*

TITLE IV—STUDENT ASSISTANCE

PART A—GRANTS TO STUDENTS

- Sec. 401. Pell grants.*
- Sec. 402. Federal TRIO programs.*
- Sec. 403. National early intervention and partnership program.*
- Sec. 404. Repeals.*
- Sec. 405. Establishment of new programs.*
- Sec. 406. Federal supplemental educational opportunity grants.*
- Sec. 407. Grants to States for State student incentives.*
- Sec. 408. Special programs for students whose families are engaged in migrant and seasonal farmwork.*
- Sec. 409. Byrd scholarships.*

PART B—FEDERAL FAMILY EDUCATION LOAN PROGRAM

- Sec. 411. Limitation repealed.*
- Sec. 412. Advances to reserve funds.*
- Sec. 413. Guaranty agency reforms.*
- Sec. 414. Scope and duration of program.*
- Sec. 415. Limitations on individual federally insured loans and Federal loan insurance.*
- Sec. 416. Applicable interest rates.*
- Sec. 417. Federally guaranteed student loans.*
- Sec. 418. Voluntary agreements with guaranty agencies.*
- Sec. 419. Federal consolidation loans.*
- Sec. 420. Disbursement.*
- Sec. 421. Unsubsidized Stafford loans.*
- Sec. 422. Repeal of loan forgiveness.*
- Sec. 423. Legal powers and responsibilities.*
- Sec. 424. Student loan information.*
- Sec. 425. Definitions.*
- Sec. 426. Discharge.*
- Sec. 427. Cancellation of loans for certain public service.*
- Sec. 428. Debt management options.*
- Sec. 429. Special allowances.*

PART C—FEDERAL WORK-STUDY PROGRAMS

- Sec. 435. Amendments to part C.*

PART D—WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM

- Sec. 436. Selection of institutions.*
- Sec. 437. Terms and conditions.*
- Sec. 438. Contracts.*
- Sec. 439. Funds for administrative expenses.*
- Sec. 440. Authority to sell loans.*
- Sec. 441. Cancellation of loans for certain public service.*

PART E—FEDERAL PERKINS LOANS

- Sec. 445. Amendments to part E.*

PART F—NEED ANALYSIS

- Sec. 446. Cost of attendance.*

- Sec. 447. Data elements.*
Sec. 448. Family contribution for dependent students.
Sec. 449. Family contribution for independent students without dependents other than a spouse.
Sec. 450. Family contribution for independent students with dependents other than a spouse.
Sec. 451. Regulations; updated tables and amounts.
Sec. 452. Discretion of student financial aid administrators.
Sec. 453. Treatment of other financial assistance.

PART G—GENERAL PROVISIONS

- Sec. 461. Definitions.*
Sec. 462. Master calendar.
Sec. 463. Forms and regulations.
Sec. 464. Student eligibility.
Sec. 465. State court judgments.
Sec. 466. Information for students.
Sec. 467. National student loan data system.
Sec. 468. Program participation agreements.
Sec. 469. Quality assurance and regulatory simplification.
Sec. 470. Distance education demonstration programs.
Sec. 471. Garnishment requirements.
Sec. 472. Administrative subpoena authority.
Sec. 473. Advisory committee on student financial assistance.
Sec. 474. Meetings and negotiated rulemaking.

PART H—PROGRAM INTEGRITY

- Sec. 476. State postsecondary review program.*
Sec. 477. Accrediting agency recognition.
Sec. 478. Eligibility and certification procedures.
Sec. 479. Program review and data.

TITLE V—DEVELOPING INSTITUTIONS

- Sec. 501. Establishment of new title V.*

TITLE VI—INTERNATIONAL AND GRADUATE EDUCATION PROGRAMS

- Sec. 601. International and foreign language studies.*
Sec. 602. Business and international education programs.
Sec. 603. Institute for international public policy.
Sec. 604. General provisions.
Sec. 605. Transfer and reauthorization of graduate assistance in areas of national need program.

TITLE VII—CONSTRUCTION, RECONSTRUCTION, AND RENOVATION OF ACADEMIC FACILITIES

- Sec. 701. Extension of prior rights and obligations.*
Sec. 702. Repeal of part A.
Sec. 703. Extension of authorization of part B.
Sec. 704. Extension of authorization of part C.

TITLE VIII—ADDITIONAL PROVISIONS

- Sec. 801. Study of transfer of credits.*

- Sec. 802. Study of market mechanisms in Federal student loan programs.*
Sec. 803. Improvements in market information and public accountability in higher education.
Sec. 804. Differential regulation.
Sec. 805. Annual report on cost of higher education.
Sec. 806. Repeals of previous higher education amendments provisions.
Sec. 807. Limitation.

TITLE IX—AMENDMENTS TO OTHER LAWS

PART A—EDUCATION OF THE DEAF ACT

SUBPART 1—GALLAUDET UNIVERSITY

- Sec. 901. Board of Trustees membership.*
Sec. 902. Elementary and secondary education programs.
Sec. 903. Agreement with Gallaudet University.

SUBPART 2—NATIONAL INSTITUTE FOR THE DEAF

- Sec. 911. Agreement for the National Technical Institute for the Deaf.*

SUBPART 3—GENERAL PROVISIONS

- Sec. 921. Definitions.*
Sec. 922. Audits.
Sec. 923. Reports.
Sec. 924. Monitoring, evaluation, and reporting.
Sec. 925. Responsibility of the liaison.
Sec. 926. Federal endowment programs.
Sec. 927. Scholarship program.
Sec. 928. Oversight and effect of agreements.
Sec. 929. International students.
Sec. 930. Authorization of appropriations.

PART B—EXTENSION AND REVISION OF INDIAN HIGHER EDUCATION PROGRAMS

- Sec. 951. Tribally controlled colleges and universities.*
Sec. 952. Reauthorization of provisions from Higher Education Amendments of 1992.
Sec. 953. Reauthorization of Navajo Community College Act.

TITLE X—FACULTY RETIREMENT PROVISIONS

- Sec. 1001. Voluntary retirement incentive plans.*

1 SEC. 3. REFERENCES.

- 2** *Except as otherwise expressly provided, whenever in*
3 *this Act an amendment or repeal is expressed in terms of*
4 *an amendment to, or repeal of, a section or other provision,*
5 *the reference shall be considered to be made to a section or*

1 *other provision of the Higher Education Act of 1965 (20*
 2 *U.S.C. 1001 et seq.).*

3 **SEC. 4. GENERAL EFFECTIVE DATE.**

4 *Except as otherwise provided in this Act or the amend-*
 5 *ments made by this Act, the amendments made by this Act*
 6 *shall take effect on October 1, 1998.*

7 **TITLE I—GENERAL PROVISIONS**

8 **PART A—EXTENSION AND REVISION OF GENERAL**
 9 **PROVISIONS**

10 **SEC. 101. REDESIGNATION AND TRANSFER OF PROVISIONS.**

11 *(a) IN GENERAL.—*

12 *(1) REPEAL OF TITLE I.—Title I (20 U.S.C.*
 13 *1001 et seq.) is repealed.*

14 *(2) REPEAL OF TITLE XII PROVISIONS.—The fol-*
 15 *lowing sections of title XII are repealed: sections*
 16 *1206, 1211, and 1212 (20 U.S.C. 1145a, 1145e,*
 17 *1145f).*

18 *(3) REDESIGNATIONS.—*

19 *(A) Title XII is redesignated as title I.*

20 *(B) Sections 1201, 1202, and 1203 (20*
 21 *U.S.C. 1141, 1142, 1143) are redesignated as*
 22 *sections 101, 102, and 103, respectively.*

23 *(C) Section 1204(b), as redesignated by sec-*
 24 *tion 251 of the Higher Education Amendments*

1 of 1968 (20 U.S.C. 1144(b); 82 Stat. 1042), is
2 redesignated as section 104.

3 (D) Section 1204, as added by section 1201
4 of the Education Amendments of 1980 (20
5 U.S.C. 1144a; 94 Stat. 1495), is redesignated as
6 section 105.

7 (E) Sections 1205, 1207, 1208, 1209, 1210,
8 and 1213 (20 U.S.C. 1145, 1145b, 1145c, 1145d,
9 1145d-1, and 1145g) are redesignated as sections
10 106 through 111, respectively.

11 (4) TRANSFER.—Title I (including sections 101
12 through 111), as redesignated by paragraph (3), is
13 transferred to immediately follow the short title of the
14 Higher Education Act of 1965 (20 U.S.C. 1001 note).

15 (b) INTERNAL CROSS-REFERENCES.—The Higher
16 Education Act of 1965 is amended—

17 (1) in section 106 (as redesignated by subsection
18 (a)(3)), by striking “481(a)” and inserting “101(a”;

19 (2) in section 485(f)(1)(I), by striking “section
20 1213” and inserting “section 111”;

21 (3) in section 498(j)(2), by striking “section
22 1201(a)(2)” and inserting “section 101(a)(2)”;

23 (4) in section 591(d)(2), by striking “section
24 1201(a)” and inserting “section 101(a)(1)”; and

1 (5) *in section 631(a)(8), by striking “section*
 2 *1201(a)” each place it appears and inserting “section*
 3 *101(a)(1)”.*

4 (c) *CONFORMING AMENDMENTS.—*

5 (1) *TITLE 10, UNITED STATES CODE.—Sections*
 6 *2193(c)(1) and 2199(2) of title 10, United States*
 7 *Code, are each amended by striking “1201(a) of the*
 8 *Higher Education Act of 1965 (20 U.S.C. 1141(a))”*
 9 *and inserting “101(a)(1) of the Higher Education Act*
 10 *of 1965”.*

11 (2) *TITLE 18, UNITED STATES CODE.—Section*
 12 *207(j)(2)(B) of title 18, United States Code, is*
 13 *amended by striking “1201(a)” and inserting*
 14 *“101(a)(1)”.*

15 (3) *TITLE 39, UNITED STATES CODE.—Section*
 16 *3626(b)(3) of title 39, United States Code, is amended*
 17 *by striking “1201(a) of the Higher Education Act of*
 18 *1965 (20 U.S.C. 1141(a))” and inserting “101(a)(1)*
 19 *of the Higher Education Act of 1965”.*

20 (4) *ANTI-DRUG ABUSE ACT OF 1988.—Section*
 21 *3601(7) of the Anti-Drug Abuse Act of 1988 (42*
 22 *U.S.C. 11851(7)) is amended by striking “1201(a) of*
 23 *the Higher Education Act of 1965 (20 U.S.C.*
 24 *1141(a))” and inserting “101(a)(1) of the Higher*
 25 *Education Act of 1965”.*

1 (5) *CRANSTON-GONZALEZ NATIONAL AFFORD-*
 2 *ABLE HOUSING ACT.*—Section 457(9) of the *Cranston-*
 3 *Gonzalez National Affordable Housing Act* (42 U.S.C.
 4 12899f(9)) is amended by striking “1201(a)” and in-
 5 serting “101(a)(1)”.

6 (6) *DEPARTMENT OF STATE AUTHORIZATION*
 7 *ACT, FISCAL YEARS 1984 AND 1985.*—Section 803(1) of
 8 the *Department of State Authorization Act, Fiscal*
 9 *Years 1984 and 1985* (22 U.S.C. 4502(1)) is amended
 10 by striking “1201(a)” and inserting “101(a)(1)”.

11 (7) *EDUCATION FOR ECONOMIC SECURITY ACT.*—
 12 Section 3(6) of the *Education for Economic Security*
 13 *Act* (20 U.S.C. 3902(6)) is amended by striking
 14 “1201(a)” and inserting “101(a)(1)”.

15 (8) *ELEMENTARY AND SECONDARY EDUCATION*
 16 *ACT OF 1965.*—The *Elementary and Secondary Edu-*
 17 *cation Act of 1965* is amended—

18 (A) in section 7501(4) (20 U.S.C. 7601(4))
 19 by striking “1201(a)” and inserting “101(a)(1)”;
 20 and

21 (B) in section 14101(17) (20 U.S.C.
 22 8801(17)), by striking “1201(a)” and inserting
 23 “101(a)(1)”.

24 (9) *FEDERAL AGRICULTURE IMPROVEMENT AND*
 25 *REFORM ACT OF 1996.*—Section 922 of the *Federal Ag-*

1 *riculture Improvement and Reform Act of 1996 (7*
 2 *U.S.C. 2279c) is amended in subsections (a)(1)(B)*
 3 *and (b)(1) by striking “1201 of the Higher Education*
 4 *Act of 1965 (20 U.S.C. 1141)” and inserting*
 5 *“101(a)(1) of the Higher Education Act of 1965”.*

6 (10) *FOLLOW THROUGH ACT.*—Section 670G(5)
 7 *of the Follow Through Act (42 U.S.C. 9877(5)) is*
 8 *amended by striking “1201 of the Higher Education*
 9 *Act of 1965” and inserting “101(a)(1) of the Higher*
 10 *Education Act of 1965”.*

11 (11) *FOOD AND AGRICULTURE ACT OF 1977.*—
 12 *Section 1417(h)(1)(A) of the Food and Agriculture*
 13 *Act of 1977 (7 U.S.C. 3152(h)(1)(A)) is amended by*
 14 *striking “1201(a) of the Higher Education Act of*
 15 *1965 (20 U.S.C. 1141(a))” and inserting “101(a)(1)*
 16 *of the Higher Education Act of 1965”.*

17 (12) *FOREIGN RELATIONS AUTHORIZATION ACT,*
 18 *FISCAL YEARS 1986 AND 1987.*—Section 603(d) of the
 19 *Foreign Relations Authorization Act, Fiscal Years*
 20 *1986 and 1987 (20 U.S.C. 4703(d)) is amended by*
 21 *striking “1201(a)” and inserting “101(a)(1)”.*

22 (13) *GENERAL EDUCATION PROVISIONS ACT.*—
 23 *Section 429(d)(2)(B)(ii) of the General Education*
 24 *Provisions Act (20 U.S.C. 1228c(d)(2)(B)(ii)) is*

1 amended by striking “1201(a)” and inserting
2 “101(a)(1)”.

3 (14) *HARRY S TRUMAN MEMORIAL SCHOLARSHIP*
4 *ACT.*—Section 3(4) of the *Harry S Truman Memorial*
5 *Scholarship Act* (20 U.S.C. 2002(4)) is amended by
6 striking “1201(a)” and inserting “101(a)(1)”.

7 (15) *HEAD START ACT.*—Section 649(c)(3) of the
8 *Head Start Act* (42 U.S.C. 9844(c)(3)) is amended by
9 striking “1201(a) of the *Higher Education Act of*
10 *1965* (20 U.S.C. 1141(a))” and inserting “101(a)(1)
11 of the *Higher Education Act of 1965*”.

12 (16) *HIGHER EDUCATION AMENDMENTS OF*
13 *1992.*—Section 1371(a)(1)(B) of the *Higher Education*
14 *Amendments of 1992* (25 U.S.C. 3371(a)(1)(B)) is
15 amended by striking “1201(a)” and inserting
16 “101(a)(1)”.

17 (17) *INTELLIGENCE AUTHORIZATION ACT, FISCAL*
18 *YEAR 1992.*—Section 808(3) of the *Intelligence Author-*
19 *ization Act, Fiscal Year 1992* (20 U.S.C. 1908(3)) is
20 amended by striking “1201(a) of the *Higher Edu-*
21 *cation Act of 1965* (20 U.S.C. 1141(a))” and insert-
22 ing “101(a)(1) of the *Higher Education Act of 1965*”.

23 (18) *JOB TRAINING PARTNERSHIP ACT.*—*The Job*
24 *Training Partnership Act* is amended—

1 (A) in section 4(12) (29 U.S.C. 1503(12)),
 2 by striking “1201(a)” and inserting “101(a)(1)”;
 3 and

4 (B) in section 141(d)(3)(B) (29 U.S.C.
 5 1551(d)(3)(B)), by striking “1201(a) of the
 6 Higher Education Act of 1965 (20 U.S.C.
 7 1141(a))” and inserting “101(a)(1) of the High-
 8 er Education Act of 1965”.

9 (19) *JUSTICE SYSTEM IMPROVEMENT ACT OF*
 10 1979.—Section 901(a)(17) of the *Justice System Im-*
 11 *provement Act of 1979* (42 U.S.C. 3791(a)(17)) is
 12 amended by striking “1201(a) of the *Higher Edu-*
 13 *cation Act of 1965* (20 U.S.C. 1141(a))” and insert-
 14 ing “101(a)(1) of the *Higher Education Act of 1965*”.

15 (20) *MUTUAL EDUCATIONAL AND CULTURAL EX-*
 16 *CHANGE ACT OF 1961*.—Section 112(a)(8) of the *Mu-*
 17 *tual Educational and Cultural Exchange Act of 1961*
 18 (22 U.S.C. 2460(a)(8)) is amended by striking
 19 “1201(a) of the *Higher Education Act of 1965* (20
 20 U.S.C. 1141(a))” and inserting “101(a)(1) of the
 21 *Higher Education Act of 1965*”.

22 (21) *NATIONAL AND COMMUNITY SERVICE ACT OF*
 23 1990.—Sections 101(13) and 166(6) of the *National*
 24 *and Community Service Act of 1990* (42 U.S.C.
 25 12511(13); 12626(6)) are each amended by striking

1 “1201(a) of the Higher Education Act of 1965 (20
2 U.S.C. 1141(a))” and inserting “101 of the Higher
3 Education Act of 1965”.

4 (22) NATIONAL DEFENSE AUTHORIZATION ACT
5 FOR FISCAL YEAR 1987.—Section 1403(4) of the Na-
6 tional Defense Authorization Act for Fiscal Year 1987
7 (20 U.S.C. 4702(4)) is amended by striking “1201(a)
8 of the Higher Education Act of 1965 (20 U.S.C.
9 1141(a))” and inserting “101(a)(1) of the Higher
10 Education Act of 1965”.

11 (23) NATIONAL DEFENSE AUTHORIZATION ACT
12 FOR FISCAL YEAR 1993.—The National Defense Au-
13 thorization Act for Fiscal Year 1993 is amended in
14 section 4451(b)(1) (10 U.S.C. 2701 note) by striking
15 “1201(a) of the Higher Education Act of 1965 (20
16 U.S.C. 1141(a))” and inserting “101(a)(1) of the
17 Higher Education Act of 1965”.

18 (24) NATIONAL DEFENSE AUTHORIZATION ACT
19 FOR FISCAL YEARS 1992 AND 1993.—Section 3132(b)(1)
20 of the National Defense Authorization Act for Fiscal
21 Years 1992 and 1993 (42 U.S.C. 7274e(b)(1)) is
22 amended by striking “1201(a) of the Higher Edu-
23 cation Act of 1965 (20 U.S.C. 1141(a))” and insert-
24 ing “101(a)(1) of the Higher Education Act of 1965”.

1 (25) *NATIONAL DEFENSE AUTHORIZATION ACT*
 2 *FOR FISCAL YEAR 1994.—The National Defense Au-*
 3 *thorization Act for Fiscal Year 1994 is amended—*

4 *(A) in section 841(c)(2) (10 U.S.C. 2324(2)*
 5 *note), by striking “1201(a) of the Higher Edu-*
 6 *cation Act of 1965 (20 U.S.C. 1141(a))” and in-*
 7 *serting “101(a)(1) of the Higher Education Act*
 8 *of 1965”;*

9 *(B) in section 1333(i)(3) (10 U.S.C. 2701*
 10 *note), by striking “1201(a) of the Higher Edu-*
 11 *cation Act of 1965 (20 U.S.C. 1141(a))” and in-*
 12 *serting “101(a)(1) of the Higher Education Act*
 13 *of 1965”; and*

14 *(C) in section 1334(k)(3) (10 U.S.C. 2701*
 15 *note), by striking “1201(a) of the Higher Edu-*
 16 *cation Act of 1965 (20 U.S.C. 1141(a))” and in-*
 17 *serting “101(a)(1) of the Higher Education Act*
 18 *of 1965”.*

19 (26) *NATIONAL EDUCATION STATISTICS ACT OF*
 20 *1994.—Section 402(c)(3) of the National Education*
 21 *Statistics Act of 1994 (20 U.S.C. 9001(c)(3)) is*
 22 *amended by striking “1201(a)” and inserting*
 23 *“101(a)(1)”.*

24 (27) *OLDER AMERICANS ACT OF 1965.—Section*
 25 *102(32) of the Older Americans Act of 1965 (42*

1 *U.S.C. 3002(32)) is amended by striking “1201(a) of*
 2 *the Higher Education Act of 1965 (20 U.S.C.*
 3 *1141(a))” and inserting “101(a)(1) of the Higher*
 4 *Education Act of 1965”.*

5 (28) *OMNIBUS PARKS AND PUBLIC LANDS MAN-*
 6 *AGEMENT ACT OF 1996.—Section 1007(c)(5) of the*
 7 *Omnibus Parks and Public Lands Management Act of*
 8 *1996 (16 U.S.C. 698u–5) is amended by striking*
 9 *“1201(a) of the Higher Education Act of 1965 (20*
 10 *U.S.C. 1141(a))” and inserting “101(a)(1) of the*
 11 *Higher Education Act of 1965”.*

12 (29) *PUBLIC LAW 85 OF THE 67TH CONGRESS.—*
 13 *Public Law 85 of the 67th Congress (42 Stat. 208; 25*
 14 *U.S.C. 13), popularly referred to as the Snyder Act,*
 15 *is amended by striking “1201” and inserting*
 16 *“101(a)(1)”.*

17 (30) *COMMUNICATION ACT OF 1934.—Section*
 18 *223(h)(4) of the Communication Act of 1934 (47*
 19 *U.S.C. 223(h)(4)) is amended by striking “1201 of the*
 20 *Higher Education Act of 1965 (20 U.S.C. 1141)” and*
 21 *inserting “101(a)(1) of the Higher Education Act of*
 22 *1965”.*

23 (31) *FEDERAL WATER POLLUTION CONTROL*
 24 *ACT.—Section 112(a)(1) of the Federal Water Pollu-*

1 *tion Control Act (33 U.S.C. 1262(a)(1)) is amended*
 2 *by striking “1201” and inserting “101(a)(1)”.*

3 (32) *CARL D. PERKINS VOCATIONAL AND APPLIED*
 4 *TECHNOLOGY EDUCATION ACT.—Section 347(2)(A) of*
 5 *the Carl D. Perkins Vocational and Applied Tech-*
 6 *nology Education Act (20 U.S.C. 2394(2)(A)) is*
 7 *amended by striking “1201(a)” and inserting*
 8 *“101(a)(1)”.*

9 (33) *ENERGY POLICY AND CONSERVATION ACT.—*
 10 *Section 362(f)(5)(A) of the Energy Policy and Con-*
 11 *servation Act (42 U.S.C. 6322(f)(5)(A)) is amended*
 12 *by striking “1201(a) of the Higher Education Act of*
 13 *1965 (20 U.S.C. 1141(a))” and inserting “101(a)(1)*
 14 *of the Higher Education Act of 1965”.*

15 (34) *JAMES MADISON MEMORIAL FELLOWSHIP*
 16 *ACT.—Section 815 of the James Madison Memorial*
 17 *Fellowship Act (20 U.S.C. 4514) is amended—*

18 (A) *in paragraph (3), by striking “1201(a)”*
 19 *and inserting “101(a)(1)”;* *and*

20 (B) *in paragraph (4), by striking*
 21 *“1201(d)” and inserting “101(a)(1)”.*

22 (35) *REHABILITATION ACT OF 1973.—Sections*
 23 *7(32) and 101(a)(7)(A)(iv)(II) of the Rehabilitation*
 24 *Act of 1973 (29 U.S.C. 706(32); 29 U.S.C.*
 25 *721(a)(7)(A)(iv)(II)) are each amended by striking*

1 *“1201(a) of the Higher Education Act of 1965 (20*
 2 *U.S.C. 1141(a))” and inserting “101(a)(1) of the*
 3 *Higher Education Act of 1965”.*

4 (36) *TECHNOLOGY RELATED ASSISTANCE FOR IN-*
 5 *DIVIDUALS WITH DISABILITIES ACT OF 1988.—Section*
 6 *3(8) of the Technology Related Assistance for Individ-*
 7 *uals with Disabilities Act of 1988 (29 U.S.C.*
 8 *2202(8)) is amended by striking “1201(a) of the*
 9 *Higher Education Act of 1965 (20 U.S.C. 1141(a))”*
 10 *and inserting “101(a)(1) of the Higher Education Act*
 11 *of 1965”.*

12 (37) *TRIBALLY CONTROLLED COMMUNITY COL-*
 13 *LEGE ASSISTANCE ACT OF 1978.—The Tribally Con-*
 14 *trolled Community College Assistance Act of 1978 is*
 15 *amended—*

16 (A) *in section 2(a)(5) (25 U.S.C.*
 17 *1801(a)(5)), by striking “1201(a)” and inserting*
 18 *“101(a)(1)”; and*

19 (B) *in section 113(b)(2) (25 U.S.C.*
 20 *1813(b)(2)), by striking “1201(a) of the Higher*
 21 *Education Act of 1965 (20 U.S.C. 1141(a))” and*
 22 *inserting “101(a)(1) of the Higher Education*
 23 *Act of 1965”.*

1 (38) *VIOLENT CRIME CONTROL AND LAW EN-*
 2 *FORCEMENT ACT OF 1994.*—*The Violent Crime Control*
 3 *and Law Enforcement Act of 1994 is amended—*

4 (A) *in sections 200103 and 200202 (42*
 5 *U.S.C. 14092; 14111), by striking “1201(a) of*
 6 *the Higher Education Act of 1965 (20 U.S.C.*
 7 *1141(a))” and inserting “101(a)(1) of the High-*
 8 *er Education Act of 1965”; and*

9 (B) *in section 30401(b) (42 U.S.C.*
 10 *13791(b)), by striking “a public” through “that*
 11 *Act” and inserting “an elementary school as de-*
 12 *finied in section 14101(14) of the Elementary*
 13 *and Secondary Education Act of 1965, and a*
 14 *secondary school as defined by section 14101(25)*
 15 *of such Act, which are public institutions”.*

16 (39) *SCHOOL-TO-WORK OPPORTUNITIES ACT OF*
 17 *1994.*—*Section 4 of the School-to-Work Opportunities*
 18 *Act of 1994 (20 U.S.C. 6103) is amended—*

19 (A) *in paragraph (11)(B)(viii), by striking*
 20 *“section 481(b)” and inserting “section*
 21 *101(a)(3)”;* *and*

22 (B) *in paragraph (12), by striking “section*
 23 *481” and inserting “section 101(a)(2)”.*

24 (40) *NATIONAL AND COMMUNITY SERVICE ACT OF*
 25 *1990.*—*Section 148(g) of the National and Community*

1 *Service Act of 1990 (42 U.S.C. 12604(g)) is amended*
 2 *by striking “section 481(a) of the Higher Education*
 3 *Act of 1965 (20 U.S.C. 1088(a))” and inserting “sec-*
 4 *tion 101(a)(2) of the Higher Education Act of 1965”.*

5 **SEC. 102. DEFINITIONS.**

6 (a) *INSTITUTION OF HIGHER EDUCATION.*—Section
 7 101 (as redesignated by section 101(a)(3) of this Act) is
 8 amended by striking subsections (a) and (b) and inserting
 9 the following:

10 “(a) *INSTITUTION OF HIGHER EDUCATION.*—

11 “(1) *IN GENERAL.*—Subject to paragraphs (2)
 12 through (4) of this subsection:

13 “(A) *PRINCIPAL CRITERIA.*—The term ‘in-
 14 stitution of higher education’ means an edu-
 15 cational institution in any State that—

16 “(i) admits as regular students only
 17 persons having a certificate of graduation
 18 from a school providing secondary edu-
 19 cation, or the recognized equivalent of such
 20 a certificate;

21 “(ii) is legally authorized within such
 22 State to provide a program of education be-
 23 yond secondary education;

24 “(iii) provides an educational program
 25 for which it awards a bachelor’s degree or

1 *provides not less than a two-year program*
2 *that is acceptable for full credit toward such*
3 *a degree;*

4 *“(iv) is a public or other nonprofit in-*
5 *stitution; and*

6 *“(v) is accredited by a nationally rec-*
7 *ognized accrediting agency or association,*
8 *or if not so accredited, is an institution that*
9 *has been granted preaccreditation status by*
10 *such an agency or association that has been*
11 *recognized by the Secretary for the granting*
12 *of preaccreditation status, and the Sec-*
13 *retary has determined that there is satisfac-*
14 *tory assurance that the institution will meet*
15 *the accreditation standards of such an agen-*
16 *cy or association within a reasonable time.*

17 *“(B) ADDITIONAL INSTITUTIONS IN-*
18 *CLUDED.—The term ‘institution of higher edu-*
19 *cation’ also includes—*

20 *“(i) any school that provides not less*
21 *than a one-year program of training to pre-*
22 *pare students for gainful employment in a*
23 *recognized occupation and that meets the*
24 *provision of clauses (i), (ii), (iv), and (v) of*
25 *subparagraph (A); and*

1 “(ii) a public or nonprofit private edu-
 2 cational institution in any State that, in
 3 lieu of the requirement in subparagraph
 4 (A)(i), admits as regular students persons
 5 who are beyond the age of compulsory school
 6 attendance in the State in which the insti-
 7 tution is located.

8 “(C) *LIST OF ACCREDITING AGENCIES.*—For
 9 purposes of this subsection, the Secretary shall
 10 publish a list of nationally recognized accredit-
 11 ing agencies or associations that he determines,
 12 pursuant to subpart 2 of part H of title IV of
 13 this Act, to be reliable authority as to the quality
 14 of the education or training offered.

15 “(2) *DEFINITION FOR PURPOSES OF TITLE IV*
 16 *PROGRAMS.*—

17 “(A) *INCLUSION OF ADDITIONAL INSTITU-*
 18 *TIONS.*—Subject to subparagraphs (B) through
 19 (D) of this paragraph, the term ‘institution of
 20 higher education’ for purposes of title IV of this
 21 Act includes, in addition to the institutions cov-
 22 ered by the definition in paragraph (1) of this
 23 subsection—

24 “(i) a proprietary institution of higher
 25 education;

1 “(ii) a postsecondary vocational insti-
2 tution; and

3 “(iii) only for the purposes of part B
4 of title IV, an institution outside the United
5 States that is comparable to an institution
6 of higher education as defined in paragraph
7 (1) of this subsection and that has been ap-
8 proved by the Secretary for the purpose of
9 part B of title IV.

10 “(B) INSTITUTIONS OUTSIDE THE UNITED
11 STATES.—

12 “(i) For the purpose of qualifying as
13 an institution under subparagraph (A)(iii)
14 of this paragraph, the Secretary shall estab-
15 lish criteria by regulation for the approval
16 of institutions outside the United States
17 and for the determination that such institu-
18 tions are comparable to an institution of
19 higher education as defined in paragraph
20 (1) of this subsection. In the case of a grad-
21 uate medical school outside the United
22 States, such criteria shall include a require-
23 ment that a student attending a graduate
24 medical school outside the United States is

ineligible for loans made, insured, or guaranteed under part B of this title unless—

“(I)(aa) at least 60 percent of those enrolled and at least 60 percent of the graduates of the graduate medical school outside the United States were not persons described in section 484(a)(5) in the year preceding the year for which a student is seeking a loan under part B of title IV; and

“(bb) at least 60 percent of the individuals who were students or graduates of the graduate medical school outside the United States (both nationals of the United States and others) taking the examinations administered by the Educational Commission for Foreign Medical Graduates received a passing score in the year preceding the year for which a student is seeking a loan under part B of title IV; or

“(II) the institution’s clinical training program was approved by a State as of January 1, 1992.

1 “(ii) *For the purpose of qualifying as*
2 *an institution under subparagraph (A)(iii)*
3 *of this paragraph, the Secretary shall estab-*
4 *lish an advisory panel of medical experts*
5 *that shall—*

6 “(I) *evaluate the standards of ac-*
7 *creditation applied to applicant for-*
8 *eign medical schools; and*

9 “(II) *determine the comparability*
10 *of those standards to standards for ac-*
11 *creditation applied to United States*
12 *medical schools.*

13 *If such accreditation standards are deter-*
14 *mined not to be comparable, the foreign*
15 *medical school shall be required to meet the*
16 *requirements of paragraph (1) of this sub-*
17 *section.*

18 “(iii) *The failure of an institution out-*
19 *side the United States to provide, release, or*
20 *authorize release to the Secretary of such in-*
21 *formation as may be required by clause (i)*
22 *of this subparagraph shall render such in-*
23 *stitution ineligible for the purpose of part B*
24 *of title IV.*

1 “(iv) *If, pursuant to this subpara-*
2 *graph, an institution loses eligibility to*
3 *participate in the programs under title IV,*
4 *then a student enrolled at such institution*
5 *may, notwithstanding such loss of eligi-*
6 *bility, continue to be eligible to receive a*
7 *loan under part B while attending such in-*
8 *stitution for the academic year succeeding*
9 *the academic year in which such loss of eli-*
10 *gibility occurred.*

11 “(C) *LIMITATIONS BASED ON COURSE OF*
12 *STUDY OR ENROLLMENT.—An institution shall*
13 *not be considered to meet the definition of an in-*
14 *stitution of higher education in subparagraph*
15 *(A) of this paragraph if such institution—*

16 “(i) *offers more than 50 percent of such*
17 *institution’s courses by correspondence, un-*
18 *less the institution is an institution that*
19 *meets the definition in section 521(4)(C) of*
20 *the Carl D. Perkins Vocational and Applied*
21 *Technology Education Act;*

22 “(ii) *enrolls 50 percent or more of its*
23 *students in correspondence courses, unless*
24 *the institution is an institution that meets*
25 *the definition in such section, except that*

1 *the Secretary, at the request of such institu-*
2 *tion, may waive the applicability of this*
3 *clause to such institution for good cause, as*
4 *determined by the Secretary in the case of*
5 *an institution of higher education that pro-*
6 *vides a 2-year or 4-year program of instruc-*
7 *tion for which the institution awards an as-*
8 *sociate or baccalaureate degree;*

9 “(iii) *has a student enrollment in*
10 *which more than 25 percent of the students*
11 *are incarcerated, except that the Secretary*
12 *may waive the prohibition of this clause for*
13 *a nonprofit institution that provides a 4-*
14 *year or a 2-year program of instruction (or*
15 *both) for which it awards a bachelor’s or as-*
16 *sociate’s degree or diploma, respectively; or*

17 “(iv) *has a student enrollment in*
18 *which more than 50 percent of the students*
19 *do not have a high school diploma or its*
20 *recognized equivalent and does not provide*
21 *a 4-year or a 2-year program of instruction*
22 *(or both) for which it awards a bachelor’s or*
23 *associate’s degree, respectively, except that*
24 *the Secretary may waive the limitation con-*
25 *tained in this clause if a nonprofit institu-*

1 *tion demonstrates to the satisfaction of the*
2 *Secretary that it exceeds such limitation be-*
3 *cause it serves, through contracts with Fed-*
4 *eral, State, or local government agencies,*
5 *significant numbers of students who do not*
6 *have a high school diploma or its recognized*
7 *equivalent.*

8 “(D) *LIMITATIONS BASED ON MANAGE-*
9 *MENT.—An institution shall not be considered to*
10 *meet the definition of an institution of higher*
11 *education in subparagraph (A) of this para-*
12 *graph if—*

13 “(i) *the institution, or an affiliate of*
14 *the institution that has the power, by con-*
15 *tract or ownership interest, to direct or*
16 *cause the direction of the management or*
17 *policies of the institution, has filed for*
18 *bankruptcy; or*

19 “(ii) *the institution, its owner, or its*
20 *chief executive officer has been convicted of,*
21 *or has pled nolo contendere or guilty to, a*
22 *crime involving the acquisition, use, or ex-*
23 *penditure of funds under title IV, or has*
24 *been judicially determined to have commit-*
25 *ted fraud involving funds under title IV.*

1 “(E) *CERTIFICATION.*—*The Secretary shall*
 2 *certify an institution’s qualification as an insti-*
 3 *tution of higher education in accordance with the*
 4 *requirements of subpart 2 of part H.*

5 “(F) *LOSS OF ELIGIBILITY.*—*An institution*
 6 *of higher education shall not be considered to*
 7 *meet the definition of an institution of higher*
 8 *education in subparagraph (A) of this para-*
 9 *graph if such institution is removed from eligi-*
 10 *bility for funds under title IV as a result of an*
 11 *action pursuant to part H of title IV.*

12 “(3) *PROPRIETARY INSTITUTION OF HIGHER*
 13 *EDUCATION.*—

14 “(A) *PRINCIPAL CRITERIA.*—*For the pur-*
 15 *pose of this subsection, the term ‘proprietary in-*
 16 *stitution of higher education’ means a school*
 17 *that—*

18 “(i) *provides an eligible program of*
 19 *training to prepare students for gainful em-*
 20 *ployment in a recognized occupation;*

21 “(ii) *meets the requirements of clauses*
 22 *(i) and (ii) of paragraph (1)(A) of this sub-*
 23 *section;*

1 “(iii) does not meet the requirement of
2 clause (iv) of paragraph (1)(A) of this sub-
3 section;

4 “(iv) is accredited by a nationally rec-
5 ognized accrediting agency or association
6 approved by the Secretary pursuant to part
7 H of title IV;

8 “(v) has been in existence for at least
9 2 years; and

10 “(vi) has at least 15 percent of its reve-
11 nues from sources that are not derived from
12 funds provided under title IV, as deter-
13 mined in accordance with regulations pre-
14 scribed by the Secretary.

15 In determining such 15 percent of revenues for
16 purposes of clause (vi), funds from programs of
17 education and training that do not meet the defi-
18 nition of an eligible program in section 481(b),
19 but are provided on a contractual basis under
20 Federal, State, or local training programs, or
21 under specialized business and industry training
22 requests, shall be counted.

23 “(B) ADDITIONAL INSTITUTIONS.—The term
24 ‘proprietary institution of higher education’ also
25 includes a proprietary educational institution in

1 *any State that, in lieu of the requirement in*
 2 *clause (i) of paragraph (1)(A) of this subsection,*
 3 *admits as regular students persons who are be-*
 4 *yond the age of compulsory school attendance in*
 5 *the State in which the institution is located.*

6 “(4) *POSTSECONDARY VOCATIONAL INSTITU-*
 7 *TION.—*

8 “(A) *PRINCIPAL CRITERIA.—For the pur-*
 9 *pose of this subsection, the term ‘postsecondary*
 10 *vocational institution’ means a school that—*

11 “(i) *provides an eligible program of*
 12 *training to prepare students for gainful em-*
 13 *ployment in a recognized occupation;*

14 “(ii) *meets the requirements of clauses*
 15 *(i), (ii), (iv), and (v) of paragraph (1)(A)*
 16 *of this subsection; and*

17 “(iii) *has been in existence for at least*
 18 *2 years.*

19 “(B) *ADDITIONAL INSTITUTIONS.—The term*
 20 *‘postsecondary vocational institution also in-*
 21 *cludes an educational institution in any State*
 22 *that, in lieu of the requirement in clause (i) of*
 23 *paragraph (1)(A) of this subsection, admits as*
 24 *regular students persons who are beyond the age*

1 *of compulsory school attendance in the State in*
 2 *which the institution is located.*

3 “(b) *STATE; FREELY ASSOCIATED STATES.*—

4 “(1) *STATE.*—*The term ‘State’ includes, in addi-*
 5 *tion to the several States of the Union, the Common-*
 6 *wealth of Puerto Rico, the District of Columbia,*
 7 *Guam, American Samoa, the Virgin Islands, the*
 8 *Commonwealth of the Northern Mariana Islands, and*
 9 *the Freely Associated States.*

10 “(2) *FREELY ASSOCIATED STATES.*—*The term*
 11 *‘Freely Associated States’ means the Republic of the*
 12 *Marshall Islands, the Republic of Palau, and the Fed-*
 13 *erated States of Micronesia.”.*

14 “(b) *CONFORMING AMENDMENTS.*—

15 (1) *Section 481 (20 U.S.C. 1088) is amended—*

16 (A) *by striking subsections (a), (b), and (c);*

17 *and*

18 (B) *by redesignating subsections (d) through*

19 *(f) as subsections (a) through (c), respectively.*

20 (2) *Each of the following provisions are amended*

21 *by striking “section 481” and inserting “section*

22 *101(a)(2)”:* *sections 435(a)(1), 487(d), and 496(j) and*

23 *(k).*

24 (3) *Section 498(i) (20 U.S.C. 1099c) is amended*

25 *by striking “section 481 (other than the requirements*

1 *in subsections (b)(5) and (c)(3))” and inserting “sec-*
 2 *tion 101(a) (other than the requirements in para-*
 3 *graphs (3)(A)(v) and (4)(A)(iii))”.*

4 *(4) Section 498(j) is amended by striking “sec-*
 5 *tions 481(b)(5) and 481(c)(3)” and inserting “para-*
 6 *graphs (3)(A)(v) and (4)(A)(iii) of section 101(a)”.*

7 *(5) Section 105(b) (as redesignated by section*
 8 *101(a)(3)(D)) is amended by adding at the end the*
 9 *following new sentence: “This subsection shall cease to*
 10 *be effective on October 1, 2001.”.*

11 **SEC. 103. REGULATORY REFORM.**

12 *Title I is amended by adding at the end the following*
 13 *new section:*

14 **“SEC. 112. REGULATORY REFORM.**

15 *“(a) BIENNIAL REVIEW OF REGULATIONS.—In every*
 16 *even-numbered year (beginning with 1998), the Secretary—*

17 *“(1) shall review all regulations issued under*
 18 *title IV of the Higher Education Act of 1965 in effect*
 19 *at the time of the review that apply to the operations*
 20 *or activities of any participant in those programs;*
 21 *and*

22 *“(2) shall determine whether any such regulation*
 23 *is no longer necessary in the public interest.*

24 *“(b) EFFECT OF DETERMINATION.—The Secretary*
 25 *shall repeal, consolidate, simplify, or otherwise modify any*

1 *regulation the Secretary determines to be no longer nec-*
 2 *essary in the public interest.*

3 “(c) *REPORT TO CONGRESS.*—*The Secretary shall re-*
 4 *port to the Congress any legislative changes necessary to*
 5 *permit regulatory simplification under this section.*”.

6 ***PART B—PERFORMANCE-BASED ORGANIZATION***
 7 ***FOR THE DELIVERY OF FEDERAL STUDENT***
 8 ***FINANCIAL ASSISTANCE.***

9 ***SEC. 111. PERFORMANCE-BASED ORGANIZATION FOR THE***
 10 ***DELIVERY OF FEDERAL STUDENT FINANCIAL***
 11 ***ASSISTANCE.***

12 *Title I (as amended by part A of this title) is amend-*
 13 *ed—*

14 *(1) by striking the heading of such title and in-*
 15 *serting the following:*

16 ***“TITLE I—GENERAL AND***
 17 ***ADMINISTRATIVE PROVISIONS***

18 ***“PART A—GENERAL PROVISIONS”;***

19 *and*

20 *(2) by adding at the end the following new part:*

1 **“PART B—ADMINISTRATIVE PROVISIONS FOR**
 2 **DELIVERY OF STUDENT FINANCIAL ASSISTANCE**
 3 **“SEC. 131. PERFORMANCE-BASED ORGANIZATION FOR THE**
 4 **DELIVERY OF FEDERAL STUDENT FINANCIAL**
 5 **ASSISTANCE.**

6 “(a) *ESTABLISHMENT AND PURPOSE.*—

7 “(1) *ESTABLISHMENT.*—*There is established in*
 8 *the Department a Performance-Based Organization*
 9 *(hereafter referred to as the ‘PBO’) which shall be a*
 10 *discrete management unit responsible for managing*
 11 *the information systems supporting the programs au-*
 12 *thorized under title IV of this Act, as specified in sub-*
 13 *section (b).*

14 “(2) *PURPOSES.*—*The purposes of the PBO*
 15 *are—*

16 “(A) *to improve the level of service to stu-*
 17 *dents and participants in the programs;*

18 “(B) *to reduce the costs of administering the*
 19 *Federal student financial assistance programs*
 20 *authorized under title IV;*

21 “(C) *to increase the accountability of the of-*
 22 *ficials responsible for administering the oper-*
 23 *ational aspects of these programs;*

24 “(D) *to provide greater flexibility in the*
 25 *management of the operational functions of the*
 26 *Federal student financial assistance programs;*

1 “(E) to integrate the information systems
 2 supporting the Federal student financial assist-
 3 ance programs; and

4 “(F) to implement an open, common, inte-
 5 grated system for the delivery of student finan-
 6 cial assistance under title IV.

7 “(b) *AUTHORITY.*—

8 “(1) *AUTHORITY OF SECRETARY.*— *Notwith-*
 9 *standing any other provision of this Act, the Sec-*
 10 *retary shall maintain responsibility for the develop-*
 11 *ment and promulgation of policy relating to the pro-*
 12 *grams of student financial assistance under title IV.*
 13 *In the exercise of its functions, the PBO shall be sub-*
 14 *ject to the direction of the Secretary. The Secretary*
 15 *shall—*

16 “(A) request the advice of, and work in co-
 17 operation with, the Chief Operating Officer in
 18 developing regulations, policies, administrative
 19 guidance, or procedures affecting the information
 20 systems administered by the PBO, and other
 21 functions performed by the PBO;

22 “(B) request cost estimates from the Chief
 23 Operating Officer for system changes required by
 24 specific policies proposed by the Secretary;

1 “(C) consider the Chief Operating Officer’s
2 comments and estimates prior to finalizing such
3 regulations, policies, administrative guidance, or
4 procedures;

5 “(D) assist the Chief Operating Officer in
6 identifying goals for the administration and
7 modernization of the delivery system for student
8 financial assistance under title IV; and

9 “(E) if necessary, arrange for additional
10 funding to ensure that the PBO can efficiently
11 perform its functions.

12 “(2) *FUNCTIONS.*—The PBO shall carry out the
13 following functions:

14 “(A) All aspects of contracting for the data
15 and information systems supporting student fi-
16 nancial assistance under title IV, including the
17 operational administration of the William D.
18 Ford Federal Direct Loan Program, but not in-
19 cluding the development of policy relating to
20 such programs.

21 “(B) The administrative, accounting, and
22 financial management functions of the delivery
23 system for Federal student assistance, includ-
24 ing—

1 “(i) the collection, processing and
2 transmission of applicant data to students,
3 institutions and authorized third parties, as
4 provided for in section 483;

5 “(ii) technical specifications for soft-
6 ware development and systems supporting
7 the delivery of student financial assistance
8 under title IV;

9 “(iii) information technology and sys-
10 tems infrastructure related to the delivery
11 and management of student financial as-
12 sistance under title IV;

13 “(iv) all software and hardware acqui-
14 sitions and all information technology con-
15 tracts related to the delivery and manage-
16 ment of student financial assistance under
17 title IV; and

18 “(v) all customer service, training and
19 user support related to the functions de-
20 scribed in clauses (i) through (iv).

21 “(C) Annual development of a budget for
22 the operations and services of the PBO, in con-
23 sultation with the Secretary, and for consider-
24 ation and inclusion in the Department’s annual
25 budget submission.

1 “(D) *Annual development of goals, in con-*
2 *sultation with the Secretary, for the administra-*
3 *tion and modernization of the system for deliv-*
4 *ery of student financial assistance under title IV.*

5 “(E) *Other functions proposed by the Sec-*
6 *retary, and agreed to by the Chief Operating Of-*
7 *ficer as are not inconsistent with the functions of*
8 *the PBO.*

9 “(3) *INDEPENDENCE.—In carrying out its func-*
10 *tions, the PBO shall exercise independent control of*
11 *its budget allocations and expenditures, personnel de-*
12 *cisions and processes, procurements, and other admin-*
13 *istrative and management functions.*

14 “(4) *REVIEW OF PBO.—The PBO shall be subject*
15 *to the usual and customary Federal audit procedures,*
16 *and be subject to review by the Inspector General of*
17 *the Department.*

18 “(c) *AUTHORIZATION OF APPROPRIATIONS.—For the*
19 *purpose of funding the administrative costs incurred by the*
20 *PBO in administering systems supporting programs under*
21 *this part, there are authorized to be appropriated such sums*
22 *as may be necessary for fiscal year 1999 and each of the*
23 *4 succeeding fiscal years, except that funds authorized*
24 *under section 458 shall be made available to the PBO by*

1 *the Secretary for administrative costs authorized to be fund-*
 2 *ed under that section.*

3 “(d) *ORGANIZATIONAL REPORTS.*—

4 “(1) *PERFORMANCE PLAN.*—*Within 6 months of*
 5 *the hiring of the Chief Operating Officer, and every*
 6 *12 months thereafter, the Secretary and the Chief Op-*
 7 *erating Officer of the Department shall develop a per-*
 8 *formance plan for the PBO that establishes measur-*
 9 *able goals and objectives for the organization. In de-*
 10 *veloping this performance plan, the Secretary and the*
 11 *Chief Operating Officer shall consult with the Com-*
 12 *mittee on Education and the Workforce of the House*
 13 *of Representatives, the Committee on Labor and*
 14 *Human Resources of the Senate, and the Advisory*
 15 *Committee on Student Financial Assistance. The per-*
 16 *formance plan shall include a concise statement of*
 17 *goals for a modernized system for the delivery of stu-*
 18 *dent financial assistance under title IV and identify*
 19 *action steps necessary to achieve such goals. Such*
 20 *goals shall be used in evaluating the performance of*
 21 *the Chief Operating Officer and the PBO pursuant to*
 22 *paragraph (2).*

23 “(2) *ANNUAL ACCOUNTABILITY REPORT.*—*The*
 24 *Chief Operating Officer shall prepare and submit an*
 25 *annual accountability report to the Secretary and the*

1 *Committee on Education and the Workforce of the*
2 *House of Representatives and the Committee on Labor*
3 *and Human Resources of the Senate. The accountabil-*
4 *ity report shall include—*

5 “(A) *an independent financial audit of the*
6 *expenditures of both the PBO and programs ad-*
7 *ministered by it;*

8 “(B) *financial and performance require-*
9 *ments applicable to the PBO under the Chief Fi-*
10 *nanacial Officer Act of 1990 and the Government*
11 *Performance and Results Act of 1993;*

12 “(C) *the results achieved by the PBO during*
13 *the year relative to the goals established in the*
14 *organization’s performance plan;*

15 “(D) *the results of the evaluations of per-*
16 *formance of the Chief Operating Officer and sen-*
17 *ior managers under subsections (e)(2) and (f)(2),*
18 *including the amounts of bonus compensation*
19 *awarded to these individuals;*

20 “(E) *a discussion of the effectiveness of co-*
21 *ordination between the PBO and the Secretary;*

22 “(F) *recommendations for legislative and*
23 *regulatory changes to improve service to students*
24 *and their families, and to improve program effi-*
25 *ciency and integrity; and*

1 “(G) other such information as the Director
2 of the Office of Management and Budget shall
3 prescribe for performance based organizations.

4 “(e) CHIEF OPERATING OFFICER.—

5 “(1) IN GENERAL.—The management of the PBO
6 shall be vested in a Chief Operating Officer who shall
7 be appointed by the Secretary to a 5-year term and
8 compensated without regard to chapters 33, 51, and
9 53 of title 5, United States Code. The Secretary shall
10 appoint the Chief Operating Officer within 6 months
11 of the date of enactment of this part. The Secretary
12 shall consult with the Chairmen of the Committee on
13 Education and the Workforce of the House of Rep-
14 resentatives and the Committee on Labor and Human
15 Resources of the Senate prior to making an appoint-
16 ment. The appointment shall be made on the basis
17 of demonstrated management ability and expertise in
18 information technology, including extensive experience
19 in the financial services industry, and without regard
20 to political affiliation or activity. The Secretary may
21 reappoint the Chief Operating Officer to subsequent
22 terms so long as the performance of the Chief Operat-
23 ing Officer, as set forth in the performance agreement,
24 is satisfactory or better. The Chief Operating Officer
25 may be removed by—

1 “(A) *the President; or*

2 “(B) *the Secretary, for misconduct or fail-*
3 *ure to meet performance goals set forth in the*
4 *performance agreement in paragraph (2).*

5 *The President or Secretary shall communicate the*
6 *reasons for any such removal to the appropriate com-*
7 *mittees of Congress.*

8 “(2) *PERFORMANCE AGREEMENT.—The Sec-*
9 *retary and the Chief Operating Officer shall enter*
10 *into an annual performance agreement which shall*
11 *set forth measurable organization and individual*
12 *goals for the Chief Operating Officer in key oper-*
13 *ational areas. The agreement shall be subject to re-*
14 *view and renegotiation at the end of each term. The*
15 *final agreement shall be transmitted to the Committee*
16 *on Education and the Workforce of the House of Rep-*
17 *resentatives and the Committee on Labor and Human*
18 *Resources of the Senate, and made publicly available.*

19 “(3) *COMPENSATION.—The Chief Operating Offi-*
20 *cer is authorized to be paid at an annual rate of*
21 *basic pay not to exceed the maximum rate of basic*
22 *pay for the Senior Executive Service under section*
23 *5382 of title 5, United States Code, including any ap-*
24 *plicable locality-based comparability payment that*
25 *may be authorized under section 5304(h)(2)(B) of*

1 *such title 5. In addition, the Chief Operating Officer*
 2 *may receive a bonus in an amount up to, but not in*
 3 *excess of, 50 percent of such annual rate of basic pay,*
 4 *based upon the Secretary's evaluation of the Chief Op-*
 5 *erating Officer's performance in relation to the per-*
 6 *formance goals set forth in the performance agreement*
 7 *described in paragraph (2). Payment of a bonus*
 8 *under this paragraph may be made to the Chief Oper-*
 9 *ating Officer only to the extent that such payment*
 10 *does not cause the Chief Operating Officer's total ag-*
 11 *gregate compensation in a calendar year to equal or*
 12 *exceed the amount of the President's salary under sec-*
 13 *tion 102 of title 3, United States Code.*

14 “(f) *SENIOR MANAGEMENT.*—

15 “(1) *IN GENERAL.*—*The Chief Operating Officer*
 16 *may appoint up to 5 senior managers as may be nec-*
 17 *essary without regard to the provisions of title 5,*
 18 *United States Code, governing appointments in the*
 19 *competitive service, and who may be paid without re-*
 20 *gard to the provisions of chapter 51 and subchapter*
 21 *III of chapter 53 of such title relating to classification*
 22 *and General Schedule pay rates.*

23 “(2) *PERFORMANCE AGREEMENT.*—*The Chief*
 24 *Operating Officer shall enter into an annual perform-*
 25 *ance agreement with each senior manager appointed*

1 *under this subsection which shall set forth measurable*
2 *organization and individual goals in key operational*
3 *areas. The agreement shall be subject to review and*
4 *renegotiation at the end of each term.*

5 “(3) *COMPENSATION.—The Chief Operating Offi-*
6 *cer is authorized to pay senior managers at an an-*
7 *nual rate of basic pay not to exceed 75 percent of the*
8 *maximum rate of basic pay for the Senior Executive*
9 *Service under section 5382 of title 5, United States*
10 *Code, including any applicable locality-based com-*
11 *parability payment that may be authorized under*
12 *section 5304(h)(2)(C) of such title 5. In addition, a*
13 *senior manager may receive a bonus in an amount*
14 *up to, but not in excess of, 50 percent of such annual*
15 *rate of basic pay, based upon the Chief Operating Of-*
16 *ficer’s evaluation of the manager’s performance in re-*
17 *lation to the performance goals set forth in the per-*
18 *formance agreement described in paragraph (2).*

19 “(g) *PERSONNEL FLEXIBILITY.—*

20 “(1) *PERSONNEL CEILINGS.—The PBO shall not*
21 *be subject to any ceiling relating to the number or*
22 *grade of employees.*

23 “(2) *ADMINISTRATIVE FLEXIBILITY.—The Chief*
24 *Operating Officer shall work with the Office of Per-*
25 *sonnel Management to develop and implement person-*

1 *nel flexibilities in staffing, classification, and pay*
 2 *that meet the needs of the PBO, subject to compliance*
 3 *with title 5, United States Code.*

4 “(h) *ESTABLISHMENT OF A FAIR AND EQUITABLE*
 5 *SYSTEM FOR MEASURING STAFF PERFORMANCE.—The*
 6 *PBO shall establish an annual performance management*
 7 *system, subject to compliance with title 5, United States*
 8 *Code and consistent with applicable provisions of law and*
 9 *regulations, which strengthens the organizational effective-*
 10 *ness of the PBO by providing for establishing goals or objec-*
 11 *tives for individual, group, or organizational performance*
 12 *(or any combination thereof), consistent with the perform-*
 13 *ance plan of the PBO and its performance planning proce-*
 14 *dures, including those established under the Government*
 15 *Performance and Results Act of 1993, and communicating*
 16 *such goals or objectives to employees.*

17 “(i) *PROCUREMENT FLEXIBILITY.—*

18 “(1) *IN GENERAL.—Except as provided in this*
 19 *subsection, the PBO shall abide by all applicable Fed-*
 20 *eral procurement laws and regulations when procur-*
 21 *ing property and services. The PBO shall—*

22 “(A) *enter into contracts for information*
 23 *systems supporting the programs authorized*
 24 *under title IV to carry out the functions set forth*
 25 *in subsection (b)(2); and*

1 “(B) obtain the services of experts and con-
2 sultants without regard to section 3109 of title 5,
3 United States Code and set pay in accordance
4 with such section.

5 “(2) *PERFORMANCE BASED SERVICING CON-*
6 *TRACTS.—The Chief Operating Officer shall, to the ex-*
7 *tent practicable, maximize the use of performance*
8 *based servicing contracts, consistent with guidelines*
9 *for such contracts published by the Office of Federal*
10 *Procurement Policy, to achieve cost savings and im-*
11 *prove service.*

12 “(3) *FEE FOR SERVICE ARRANGEMENTS.—The*
13 *Chief Operating Officer shall, to the extent practicable*
14 *and consistent with the purpose of the PBO, utilize*
15 *services available outside of the Federal Government*
16 *in the delivery of Federal student financial assistance.*
17 *To achieve this purpose, the PBO is authorized to pay*
18 *fees to an organization that are equivalent to those*
19 *paid by other entities for such services, if the Chief*
20 *Operating Officer determines that such organization*
21 *currently provides an information system or service*
22 *that meets the requirements of the PBO.*

23 “(j) *FOCUS GROUPS.—To facilitate information shar-*
24 *ing and customer involvement, the Chief Operating Officer*
25 *may establish focus groups composed of students, institu-*

1 tions, and other participants in the programs authorized
 2 by title IV to provide advice on student aid delivery mat-
 3 ters.

4 **“SEC. 132. ADMINISTRATIVE SIMPLIFICATION OF STUDENT**
 5 **AID DELIVERY.**

6 “(a) *IN GENERAL.*—The Secretary, and the Chief Op-
 7 erating Officer shall improve the efficiency and effectiveness
 8 of the student aid delivery system by encouraging and par-
 9 ticipating in the establishment of voluntary consensus
 10 standards and requirements for the electronic transmission
 11 of information necessary for the administration of pro-
 12 grams under title IV.

13 “(b) *ADOPTION OF VOLUNTARY CONSENSUS STAND-*
 14 *ARDS.*—Except with respect to the common financial re-
 15 porting form under section 483(a), the Secretary shall
 16 adopt voluntary consensus standards for transactions re-
 17 quired under title IV, and common data elements for such
 18 transactions, to enable information to be exchanged elec-
 19 tronically between systems administered by the Department
 20 and among participants in the Federal student aid delivery
 21 system.

22 “(c) *REQUIREMENTS FOR ADOPTION OF VOLUNTARY*
 23 *CONSENSUS STANDARDS.*—Any voluntary consensus stand-
 24 ard adopted under this section shall—

1 “(1) *be a standard that has been developed,*
 2 *adopted, or modified by a standard setting organiza-*
 3 *tion that is open to the participation of the various*
 4 *entities engaged in the delivery of Federal student fi-*
 5 *nancial assistance; and*

6 “(2) *be consistent with the objective of reducing*
 7 *the administrative costs of delivering student finan-*
 8 *cial assistance under title IV.*

9 “(d) *PARTICIPATION IN STANDARD SETTING ORGANI-*
 10 *ZATIONS.—*

11 “(1) *The Chief Operating Officer shall partici-*
 12 *pate in the activities of standard setting organiza-*
 13 *tions in carrying out the provisions of this section.*

14 “(2) *The Chief Operating Officer shall encourage*
 15 *higher education groups seeking to develop common*
 16 *forms, standards, and procedures in support of the de-*
 17 *livery of Federal student financial assistance to con-*
 18 *duct these activities within a standard setting organi-*
 19 *zation.*

20 “(3) *The Chief Operating Officer may pay nec-*
 21 *essary dues and fees associated with participating in*
 22 *standard setting organizations pursuant to this sub-*
 23 *section from funds available under subsection (j).*

24 “(e) *PROCEDURES FOR ADOPTION AND IMPLEMENTA-*
 25 *TION OF VOLUNTARY CONSENSUS STANDARDS.—In adopt-*

1 *ing voluntary consensus standards and implementation*
 2 *timetables under this section, including modifications of ex-*
 3 *isting standards, the Secretary shall follow the procedures*
 4 *for negotiated rulemaking in section 492.*

5 “(f) *INITIAL VOLUNTARY CONSENSUS STANDARDS TO*
 6 *BE ADOPTED.*—*Through coordinated participation between*
 7 *the Chief Operating Officer and standard setting organiza-*
 8 *tions, the initial standards adopted by the Secretary shall*
 9 *include the following:*

10 “(1) *ELECTRONIC PERSONAL IDENTIFIER NUM-*
 11 *BER.*—*The Secretary shall adopt standards for a sin-*
 12 *gle electronic personal identifier number for students*
 13 *receiving assistance under title IV.*

14 “(2) *ELECTRONIC SIGNATURE.*—*The Secretary,*
 15 *in coordination with the Secretary of Commerce, shall*
 16 *adopt standards specifying procedures for the elec-*
 17 *tronic transmission and authentication of signatures*
 18 *with respect to transactions requiring a signature*
 19 *under title IV.*

20 “(3) *SINGLE INSTITUTIONAL IDENTIFIER.*—*The*
 21 *Secretary shall adopt standards for a single identifier*
 22 *for eligible institutions under title IV.*

23 “(g) *USE OF CLEARINGHOUSES.*—*Nothing in this sec-*
 24 *tion shall restrict the ability of participating institutions*
 25 *and lenders from using a clearinghouse to comply with the*

1 *standards for the exchange of information established under*
 2 *this section.*

3 “(h) *APPLICABILITY TO CURRENT SYSTEMS.*—

4 “(1) *GENERAL RULE.*—*Except as provided in*
 5 *paragraph (2) and (3), this section shall apply to all*
 6 *Department of Education information systems sup-*
 7 *porting the delivery of programs under title IV no*
 8 *later than 12 months from the date of enactment of*
 9 *this part.*

10 “(2) *NATIONAL STUDENT LOAN DATA SYSTEM.*—

11 *This section shall apply to sections 485B(e) and (f)*
 12 *no later than 18 months after the date of enactment*
 13 *of this part.*

14 “(3) *INTEGRATED POSTSECONDARY EDUCATION*

15 *DATA SYSTEM.*—*The Secretary shall coordinate the*
 16 *adoption of voluntary consensus standards under this*
 17 *section to ensure that standards are compatible with*
 18 *the integrated postsecondary education data system*
 19 *(IPEDS).*

20 “(i) *DATA SECURITY.*—*Any entity that maintains or*

21 *transmits information under a transaction covered by this*
 22 *section shall maintain reasonable and appropriate admin-*
 23 *istrative, technical, and physical safeguards—*

24 “(1) *to ensure the integrity and confidentiality*
 25 *of the information; and*

1 “(2) to protect against any reasonably antici-
 2 pated security threats, or unauthorized uses or disclo-
 3 sures of the information.

4 “(j) *AUTHORIZATION OF APPROPRIATIONS.*—There are
 5 authorized to be appropriated in any fiscal year or made
 6 available from funds appropriated to carry out activities
 7 in this section in any fiscal year such sums as may be nec-
 8 essary to carry out the provisions of this section, except that
 9 if no funds are appropriated pursuant to this subsection,
 10 the Secretary shall make funds available to carry out this
 11 section from amounts appropriated for the operations and
 12 expenses of the Department of Education.

13 “(k) *DEFINITIONS.*—For purposes of this section:

14 “(1) The term ‘voluntary consensus standard’
 15 means a standard developed or used by a standard
 16 setting organization accredited by the American Na-
 17 tional Standards Institute.

18 “(2) The term ‘standard setting organization’
 19 means a standard setting organization accredited by
 20 the American National Standards Institute that de-
 21 velops standards for information transactions, data
 22 elements, or any other standard that is necessary to,
 23 or will facilitate, the implementation of this section.

24 “(3) For purposes of this section, the term ‘clear-
 25 inghouse’ means a public or private entity that proc-

1 *esses or facilitates the processing of nonstandard data*
 2 *elements into data elements conforming to standards*
 3 *adopted under this section.”.*

4 ***TITLE II—POSTSECONDARY EDU-***
 5 ***CATION IMPROVEMENT PRO-***
 6 ***GRAMS***

7 ***SEC. 201. URBAN COMMUNITY SERVICE.***

8 *(a) DESIGNATION OF TITLE.—The Higher Education*
 9 *Act of 1965 is amended by inserting at the end of title I*
 10 *(20 U.S.C. 1001 et seq.) the following:*

11 ***“TITLE II—POSTSECONDARY***
 12 ***EDUCATION IMPROVEMENT***
 13 ***PROGRAMS”.***

14 *(b) REDESIGNATION AND TRANSFER OF URBAN COM-*
 15 *MUNITY SERVICE PROGRAM.—*

16 *(1) INTERNAL CROSS-REFERENCES.—Part A of*
 17 *title XI is amended—*

18 *(A) in section 1102(b), by striking “section*
 19 *1104” and inserting “section 204”;*

20 *(B) in section 1104(12), by striking “section*
 21 *1103(a)(2)(B)” and inserting “section*
 22 *203(a)(2)(B)”;* and

23 *(C) in section 1108(1), by striking “section*
 24 *1103” and inserting “section 203”.*

1 (2) *REDESIGNATION*.—Part A of title XI (20
2 U.S.C. 1136 et seq.) is redesignated as part A of title
3 II, and sections 1101 through 1109 are redesignated
4 as sections 201 through 209.

5 (3) *TRANSFER*.—Part A of title II (including
6 sections 201 through 209), as redesignated by para-
7 graph (2), is transferred to immediately follow the
8 heading inserted by subsection (a) of this section.

9 (4) *REPEAL*.—Part B of title XI (20 U.S.C.
10 1137 et seq.) and the heading of title XI are repealed.

11 (c) *ALLOWABLE ACTIVITIES*.—Section 204 (as redesi-
12 gnated by subsection (b)(2)) is amended by adding at the
13 end the following new paragraph:

14 “(14) Improving access to technology in local
15 communities.”.

16 (d) *DESIGNATION OF URBAN GRANT INSTITUTIONS*.—
17 Section 207 (as redesignated by subsection (b)(2)) is amend-
18 ed by adding at the end the following new sentence: “The
19 information developed as a result of this section shall be
20 made available to Urban Grant Institutions and to any
21 other interested institution of higher education by any ap-
22 propriate means, including the Internet.”.

23 (e) *AUTHORIZATION OF APPROPRIATIONS*.—Section
24 209 (as redesignated by subsection (b)(2)) is amended by
25 striking “1993” and inserting “1999”.

1 **SEC. 202. FUND FOR THE IMPROVEMENT OF POSTSECOND-**
2 **ARY EDUCATION.**

3 (a) *REDESIGNATION AND TRANSFER OF PROGRAMS.*—

4 (1) *REDESIGNATION.*—*Part A of title X (20*
5 *U.S.C. 1135 et seq.) is redesignated as part B of title*
6 *II (as amended by section 201) and—*

7 (A) *sections 1001 through 1003 (20 U.S.C.*
8 *1135 et seq.) are redesignated as sections 221*
9 *through 223; and*

10 (B) *section 1011 (20 U.S.C. 1135a–11) is*
11 *redesignated as section 224.*

12 (2) *TRANSFER.*—*Part B of title II (including*
13 *sections 221 through 224), as redesignated by para-*
14 *graph (1), is transferred to follow part A of title II.*

15 (3) *REPEAL.*—*Section 1004 and parts B, C, and*
16 *D of title X (20 U.S.C. 1135a–3, 1135e et seq.) and*
17 *the heading of title X are repealed.*

18 (b) *ENDOWMENT GRANTS.*—*Section 221(a) (as redesign-*
19 *ated by subsection (a)(2)) is amended—*

20 (1) *by striking “and” at the end of paragraph*
21 *(7);*

22 (2) *by striking the period at the end of para-*
23 *graph (8) and inserting “; and”; and*

24 (3) *by adding at the end the following new para-*
25 *graph:*

1 “(9) *awarding an endowment grant, on a com-*
 2 *petitive basis, to a national organization to enable*
 3 *such organization to support the establishment or on-*
 4 *going work of area program centers that foster the de-*
 5 *velopment of local affiliated chapters in high-poverty*
 6 *areas to improve graduation rates and postsecondary*
 7 *attendance through the provision of academic support*
 8 *services and scholarship assistance for the pursuit of*
 9 *postsecondary education.”.*

10 (c) *SPECIAL PROJECTS.*—Section 224 (as redesignated
 11 *by subsection (a)(2)(B)) is amended—*

12 (1) *by striking paragraphs (1), (2), and (3) of*
 13 *subsection (c) and inserting the following:*

14 “(1) *institutional restructuring to improve*
 15 *learning and promote productivity, efficiency, quality*
 16 *improvement, and cost and price control;*

17 “(2) *articulation agreements between two-year*
 18 *and four-year institutions;*

19 “(3) *evaluation and dissemination of model pro-*
 20 *grams; and*

21 “(4) *international cooperation and student ex-*
 22 *change among postsecondary educational institu-*
 23 *tions.”; and*

24 (2) *by striking subsection (d).*

25 (d) *AUTHORIZATION OF APPROPRIATIONS.*—

1 (1) *COMBINATION OF SUBPARTS.*—Part B of title
 2 II (as redesignated by subsection (a)) is amended by
 3 striking the subpart designations and headings.

4 (2) *AUTHORIZATION.*—Part B of title II (as so
 5 redesignated) is amended by adding at the end the
 6 following:

7 **“SEC. 225. AUTHORIZATION OF APPROPRIATIONS.**

8 *“There are authorized to be appropriated to carry out*
 9 *this part \$30,000,000 for fiscal year 1999 and such sums*
 10 *as may be necessary for each of the 4 succeeding fiscal*
 11 *years.”.*

12 **SEC. 203. GRANTS TO STATES FOR WORKPLACE AND COM-**
 13 **MUNITY TRANSITION TRAINING FOR INCAR-**
 14 **CERATED YOUTH OFFENDERS.**

15 (a) *REDESIGNATION AND TRANSFER OF PROGRAMS.*—

16 (1) *REDESIGNATION.*—Part E of title X (20
 17 U.S.C. 1135g) is redesignated as part C of title II
 18 and section 1091 is redesignated as section 231.

19 (2) *TRANSFER.*—Part C of title II (including
 20 section 231), as redesignated by paragraph (1), is
 21 transferred to follow part B of title II (as amended
 22 by section 202 of this Act).

23 (b) *REAUTHORIZATION.*—Section 231(j) (as so redesign-
 24 nated) is amended to read as follows:

6 (a) *REDESIGNATION AND TRANSFER OF PROGRAMS.*—

(2) *TRANSFER.—Part D of title II (including section 241), as redesignated by paragraph (1), is transferred to follow part C of title II (as amended by section 203 of this Act).*

18 **SEC. 205. TEACHER QUALITY ENHANCEMENT GRANTS.**

21 ***“PART E—TEACHER QUALITY ENHANCEMENT***
22 ***GRANTS***

24 *“The purposes of this part are—*

1 “(1) to provide competitive grants to States for
 2 assistance in strengthening the quality of the teaching
 3 force by improving the academic knowledge of teach-
 4 ers in the subject areas in which they teach;

5 “(2) to hold institutions of higher education with
 6 teacher preparation programs accountable for prepar-
 7 ing teachers who are highly competent in the aca-
 8 demic content areas in which they plan to teach, in-
 9 cluding training in the effective uses of technologies in
 10 the classroom; and

11 “(3) to recruit high quality individuals, includ-
 12 ing individuals from other occupation, into the teach-
 13 ing force.

14 **“SEC. 272. ELIGIBILITY.**

15 “(a) *APPLICATIONS.*—To be eligible to receive a grant
 16 under this part, a Governor shall, at the time of the initial
 17 grant application, submit an application to the Secretary
 18 that meets the requirements of this part.

19 “(b) *CONTENTS OF APPLICATION.*—Such application
 20 shall include a description of how the State intends to use
 21 funds provided under this part and such other information
 22 and assurances as the Secretary may require.

23 “(c) *STATE AUTHORITY.*—Nothing under this part
 24 shall be construed to negate or supersede the legal authority,
 25 under State law of any State agency, State entity, or State

1 *public official over programs that are under the jurisdiction*
2 *of the agency, entity, or official.*

3 **“SEC. 273. USE OF FUNDS.**

4 *“The Governor of a State that receives a grant under*
5 *this subpart shall—*

6 *“(1) use a portion of such grant to carry out one*
7 *or more of the following activities:*

8 *“(A) reforming State teacher certification*
9 *requirements to ensure that current and future*
10 *teachers possess the necessary academic content*
11 *knowledge in the subject areas in which they are*
12 *certified and assigned to teach;*

13 *“(B) providing prospective teachers alter-*
14 *natives to schools of education through programs*
15 *at colleges of arts and sciences or at nonprofit*
16 *organizations;*

17 *“(C) funding programs which establish or*
18 *expand alternative routes to State certification*
19 *for highly qualified individuals from other occu-*
20 *pations;*

21 *“(D) developing and implementing effective*
22 *mechanisms to expeditiously remove incompetent*
23 *or unqualified teachers; and*

24 *“(E) implementing reforms which hold in-*
25 *stitutions of higher education with teacher prep-*

1 *aration programs accountable for preparing*
2 *teachers who are highly competent in the aca-*
3 *ademic content areas in which they plan to teach;*
4 *and*

5 *“(2) use a portion of such grant to establish a*
6 *lighthouse partnership consisting of the Governor, an*
7 *exemplary institution of higher education which pre-*
8 *pares teachers, and a local educational agency and*
9 *which may also consist of other institutions of higher*
10 *education, public charter schools, and public and pri-*
11 *ate nonprofit elementary and secondary schools, for*
12 *the purpose of carrying out one or more of the follow-*
13 *ing activities:*

14 *“(A) creating opportunities for enhance and*
15 *ongoing professional development which im-*
16 *proves the academic content knowledge of teach-*
17 *ers in the subject areas in which they are cer-*
18 *tified to teach or in which they are working to-*
19 *ward certification to teach;*

20 *“(B) providing programs designed to imple-*
21 *ment the successful integration of technology into*
22 *teaching and learning;*

23 *“(C) implementing reforms which hold in-*
24 *stitutions of higher education with teacher prep-*
25 *aration programs accountable for preparing*

1 *teachers who are highly competent in the aca-*
2 *ademic content areas in which they plan to teach;*

3 *“(D) reforming State certification require-*
4 *ments to ensure that current and future teachers*
5 *possess the necessary academic content knowledge*
6 *in the subject areas in which they are certified*
7 *to teach; and*

8 *“(E) recruiting minorities, and others, into*
9 *the teaching and counseling profession, including*
10 *education paraprofessionals, former military*
11 *personnel, and mid-career professionals, by pro-*
12 *viding financial and other assistance related to*
13 *instruction, induction, mentoring and support*
14 *services.*

15 **“SEC. 274. COMPETITIVE AWARDS.**

16 *“(a) COMPETITIVE BASIS FOR AWARDS.—The Sec-*
17 *retary shall make annual grants under this part on a com-*
18 *petitive basis.*

19 *“(b) PEER REVIEW PANEL.—The Secretary shall pro-*
20 *vide the applications submitted by Governors under section*
21 *272 to a peer review panel for evaluation. With respect to*
22 *each application, the peer review panel shall initially rec-*
23 *ommend the application for funding or for disapproval.*

24 *“(c) PRIORITY.—In recommending applications to the*
25 *Secretary, the panel shall give priority to applications from*

1 *States with proposals which promise initiatives to reform*
 2 *State teacher certification requirements which are designed*
 3 *to ensure that current and future teachers possess the nec-*
 4 *essary academic content knowledge in the subject areas in*
 5 *which they are certified to teach or which include innova-*
 6 *tive reforms to hold institutions of higher education with*
 7 *teacher preparation programs accountable for preparing*
 8 *teachers who are highly competent in the academic content*
 9 *areas in which they plan to teach.*

10 “(d) *RANKING OF APPLICATIONS.*—With respect to
 11 *each application recommended for funding, the panel shall*
 12 *assign the application a rank, relative to other rec-*
 13 *ommended applications, based on the priority described in*
 14 *subsection (c), the extent to which the application furthers*
 15 *the purposes of this part, and the overall quality of the ap-*
 16 *plication, based on the quality and scope of State-supported*
 17 *strategies to improve quality of teacher preparation and*
 18 *their teaching force.*

19 “(e) *RECOMMENDATION OF AMOUNT.*—With respect to
 20 *each application recommended for funding, the panel shall*
 21 *make a recommendation to the Secretary with respect to*
 22 *the amount of the grant that should be made.*

23 “(f) *SECRETARIAL SELECTION.*—

24 “(1) *IN GENERAL.*—Subject to paragraph (2), the
 25 *Secretary shall determine, based on the peer review*

1 panel’s recommendations, which applications shall re-
2 ceive funding and the amounts of such grants. In de-
3 termining grant amounts, the Secretary shall take
4 into account the total amount of funds available for
5 all grants under this part and the types of activities
6 proposed to be carried out.

7 “(2) *EFFECT OF RANKING BY PANEL.*—In mak-
8 ing grants under this part, the Secretary shall select
9 applications according to the ranking of the applica-
10 tions by the peer review panel, except in cases where
11 the Secretary determines, for good cause, that a vari-
12 ation from that order is appropriate.

13 “(g) *MATCHING REQUIREMENT.*—Each State receiving
14 funds under this part shall provide, from non-Federal
15 sources, an amount equal to 1/2 of the amount of the grant
16 in cash or in kind to carry out the activities supported by
17 the grant.

18 “(h) *LIMITATION ON ADMINISTRATIVE EXPENSES.*—A
19 State that receives a grant under this part may use not
20 more than 2 percent of the grant funds for administrative
21 costs.

22 “(i) *REPORTING.*—

23 “(1) *IN GENERAL.*—A Governor that receives a
24 grant under this section shall submit an accountabil-
25 ity report to the Secretary and the Committee on

1 *Education and the Workforce of the House of Rep-*
2 *resentatives and the Committee on Labor and Human*
3 *Resources of the Senate. Such reports shall include a*
4 *description of the degree to which the State, in using*
5 *these funds, has made substantial progress in meeting*
6 *the following goals:*

7 “(A) *Raising the State academic standards*
8 *required to enter the teaching profession.*

9 “(B) *Increasing the percentage of classes*
10 *taught in core academic subject areas by teachers*
11 *fully certified by the State to teach in those sub-*
12 *ject areas.*

13 “(C) *Decreasing shortages of qualified*
14 *teachers in poor urban and rural areas.*

15 “(D) *Increasing opportunities for enhanced*
16 *and ongoing professional development which im-*
17 *proves the academic content knowledge of teach-*
18 *ers in the subject areas in which they are cer-*
19 *tified to teach or in which they are working to-*
20 *ward certification to teach.*

21 “(2) *ACCOUNTABILITY OF STATE INSTITUTION OF*
22 *HIGHER EDUCATION.—Prior to receiving funds under*
23 *this part, a State shall demonstrate that at least 80*
24 *percent of graduates of each of the exemplary institu-*
25 *tions of higher education in any partnership de-*

1 scribed in section 273(a)(2) who enter the field of
 2 teaching pass all applicable State qualification assess-
 3 ments of new teachers, which must include assess-
 4 ments of each prospective teacher's subject matter
 5 knowledge in the content area or areas in which the
 6 teacher provides instruction. Prior to each subsequent
 7 receipt of funds under this part, such State shall dem-
 8 onstrate that 70 percent of the graduates of each insti-
 9 tution of higher education in the State have met such
 10 goal and continue to progress to exceed such goal.
 11 Such assessment shall be at least as rigorous as those
 12 in place on the date of enactment of this Act and
 13 shall have qualifying scores no lower than those in
 14 place on date of enactment of this Act.

15 “(3) *PROVISION TO PEER REVIEW PANEL.*—The
 16 Secretary shall provide the reports submitted under
 17 paragraph (1) to the peer review panel convened
 18 under subsection (b). The panel shall use such ac-
 19 countability report in recommending applications for
 20 subsequent funding under this section.

21 “(j) *TEACHERS QUALIFICATIONS PROVIDED TO PAR-*
 22 *ENT UPON REQUEST.*—Any local educational agency that
 23 participates as an eligible applicant or partner under this
 24 part shall make available, upon request and in an under-
 25 standable and uniform format, to any parent of a student

1 *attending any school in the local educational agency, infor-*
 2 *mation regarding the qualifications of the students class-*
 3 *room teacher, both generally and with regard to the subject*
 4 *matter in which the teacher provides instruction.*

5 **“SEC. 275. LIMITATIONS.**

6 “(a) *FEDERAL CONTROL PROHIBITED.*—*Nothing in*
 7 *this part shall be construed to permit, allow, encourage, or*
 8 *authorize any Federal control over any aspect of any pri-*
 9 *vate, religious, or home school, whether or not a home school*
 10 *is treated as a private school or home school under State*
 11 *law. This section shall not be construed to bar private, reli-*
 12 *gious, or home schools from participation in programs or*
 13 *services under this part.*

14 “(b) *NO CHANGE IN STATE CONTROL ENCOURAGED OR*
 15 *REQUIRED.*—*Nothing in this part shall be construed to en-*
 16 *courage or require any change in a State’s treatment of any*
 17 *private, religious, or home school, whether or not a home*
 18 *school is treated as a private school or home school under*
 19 *State law.*

20 “(c) *NATIONAL SYSTEM OF TEACHER CERTIFICATION*
 21 *PROHIBITED.*—*Nothing in this part shall be construed to*
 22 *permit, allow, encourage, or authorize any national system*
 23 *of teacher certification.*

1 **“SEC. 276. AUTHORIZATION OF APPROPRIATIONS.**

2 “(a) *AUTHORIZATION.*—*There are authorized to be ap-*
 3 *propriated to carry out this part, \$18,500,000 for fiscal*
 4 *years 1999 and such sums as may be necessary for each*
 5 *of the 4 succeeding fiscal years.*

6 “(b) *TRANSITION.*—*Notwithstanding any other provi-*
 7 *sion of law, the Secretary may use funds appropriated*
 8 *under subsection (a) to complete awards under the original*
 9 *grant period for projects that were funded under subpart*
 10 *2 of part E of title V of this Act, as in effect prior to enact-*
 11 *ment of the Higher Education Amendments of 1998.”.*

12 **SEC. 206. ADDITIONAL REPEAL.**

13 *Title VIII (20 U.S.C. 1133 et seq.), relating to coopera-*
 14 *tive education, is repealed.*

15 ***TITLE III—INSTITUTIONAL AID***

16 **SEC. 301. STRENGTHENING INSTITUTIONS.**

17 (a) *PROGRAM PURPOSE; USE OF FUNDS.*—*Section 311*
 18 *(20 U.S.C. 1057) is amended—*

19 (1) *in subsection (b)(2), by striking “or” at the*
 20 *end of subparagraph (A) and inserting “and”;*

21 (2) *by amending paragraph (3) of subsection (b)*
 22 *to read as follows:*

23 “(3) *Special consideration shall be given to applica-*
 24 *tions which propose, pursuant to the institution’s plan, the*
 25 *use of funds for integrating computer technology into insti-*
 26 *tutional facilities to create smart buildings.”; and*

1 (3) by adding at the end the following new sub-
2 sections:

3 “(c) *AUTHORIZED ACTIVITIES.*—Grants awarded
4 under this section shall be used for one or more of the follow-
5 ing activities:

6 “(1) purchase, rental, or lease of scientific or lab-
7 oratory equipment for educational purposes, includ-
8 ing instructional and research purposes;

9 “(2) construction, maintenance, renovation, and
10 improvement in classrooms, libraries, laboratories,
11 and other instructional facilities;

12 “(3) support of faculty exchanges, faculty devel-
13 opment, and faculty fellowships to assist in attaining
14 advanced degrees in their field of instruction;

15 “(4) purchase of library books, periodicals, and
16 other educational materials, including telecommuni-
17 cations program material;

18 “(5) tutoring, counseling, and student service
19 programs designed to improve academic success;

20 “(6) funds management, administrative manage-
21 ment, and acquisition of equipment for use in
22 strengthening funds management;

23 “(7) joint use of facilities, such as laboratories
24 and libraries;

1 “(8) *establishing or improving a development of-*
2 *fice to strengthen or improve contributions from*
3 *alumni and the private sector;*

4 “(9) *establishing or improving an endowment*
5 *fund;*

6 “(10) *creating or improving facilities for Inter-*
7 *net or other distance learning academic instruction*
8 *capabilities, including purchase or rental of tele-*
9 *communications technology equipment or services;*
10 *and*

11 “(11) *other activities proposed in the application*
12 *submitted pursuant to subsection (c) that—*

13 “(A) *contribute to carrying out the purposes*
14 *of this section; and*

15 “(B) *are approved by the Secretary as part*
16 *of the review and acceptance of such application.*

17 “(d) *ENDOWMENT FUND LIMITATIONS.—*

18 “(1) *PORTION OF GRANT.—An institution may*
19 *not use more than 20 percent of its grant under this*
20 *part for any fiscal year for establishing or improving*
21 *an endowment fund.*

22 “(2) *MATCHING REQUIRED.—An institution that*
23 *uses any portion of its grant under this part for any*
24 *fiscal year for establishing or improving an endow-*

1 *ment fund shall provide an equal or greater amount*
2 *for such purposes from non-Federal funds.*

3 “(3) *REGULATIONS.*—*The Secretary shall publish*
4 *rules and regulations specifically governing the use of*
5 *funds for establishing or improving an endowment*
6 *fund.*”.

7 (b) *ENDOWMENT FUND DEFINITION.*—*Section 312 (20*
8 *U.S.C. 1058) is amended by adding at the end the following*
9 *new subsection:*

10 “(g) *ENDOWMENT FUND.*—*For the purpose of this*
11 *part, the term ‘endowment fund’ means a fund that—*

12 “(1) *is established by State law, by an institu-*
13 *tion of higher education, or by a foundation that is*
14 *exempt from Federal income taxation;*

15 “(2) *is maintained for the purpose of generating*
16 *income for the support of the institution; and*

17 “(3) *does not include real estate.*”.

18 (c) *DURATION OF GRANT.*—*Section 313 (20 U.S.C.*
19 *1059) is amended—*

20 (1) *in subsection (a), by inserting before the pe-*
21 *riod at the end the following: “, except that no insti-*
22 *tution shall be eligible to secure a subsequent 5-year*
23 *grant award under this part until two calendar years*
24 *have elapsed since the expiration of its most recent 5-*
25 *year grant award*”; and

1 (2) in subsection (b), by inserting “subsection (c)
2 and a grant under” before “section 354(a)(1)”.

3 (d) *APPLICATIONS*.—Title III is amended by striking
4 section 314 (20 U.S.C. 1059a) and inserting the following:
5 **“SEC. 314. APPLICATIONS.**

6 *“Each eligible institution desiring to receive assistance
7 under this part shall submit an application in accordance
8 with the requirements of section 351.”.*

9 (e) *PROGRAM FOR TRIBALLY CONTROLLED COLLEGES
10 AND UNIVERSITIES*.—Section 316 (20 U.S.C. 1059c) is
11 amended to read as follows:

12 **“SEC. 316. AMERICAN INDIAN TRIBALLY CONTROLLED COL-**
13 **LEGES AND UNIVERSITIES.**

14 “(a) *PROGRAM AUTHORIZED*.—The Secretary shall
15 provide grants and related assistance to American Indian
16 Tribal Colleges and Universities to enable such institutions
17 to improve and expand their capacity to serve Indian stu-
18 dents.

19 “(b) *DEFINITIONS*.—For the purposes of this section:

20 “(1) The term ‘Indian’ has the same meaning as
21 in section 2 of the Tribally Controlled Community
22 Colleges Act of 1978.

23 “(2) The term ‘Indian tribe’ has the same mean-
24 ing as in section 2 of such Act.

1 “(3) *The term ‘Tribal College or University’ has*
2 *the meaning given the term ‘tribally controlled college*
3 *or university’ in section 2 of such Act, and includes*
4 *an institution listed in the Equity in Educational*
5 *Land Grant Status Act of 1994.*

6 “(4) *The term ‘institution of higher education’*
7 *means an institution of higher education as defined*
8 *by section 101(a)(1) of this Act, except that subpara-*
9 *graph (A)(ii) of such section shall not be applicable.*

10 “(c) *AUTHORIZED ACTIVITIES.—Grants awarded*
11 *under this section shall be used by Tribal Colleges or Uni-*
12 *versities to assist such institutions to plan, develop, under-*
13 *take, and carry out authorized activities. Such authorized*
14 *activities may include—*

15 “(1) *purchase, rental, or lease of scientific or lab-*
16 *oratory equipment for educational purposes, includ-*
17 *ing instructional and research purposes;*

18 “(2) *construction, maintenance, renovation, and*
19 *improvement in classrooms, libraries, laboratories,*
20 *and other instructional facilities, including purchase*
21 *or rental of telecommunications technology equipment*
22 *or services;*

23 “(3) *support of faculty exchanges, faculty devel-*
24 *opment, and faculty fellowships to assist in attaining*
25 *advanced degrees in their field of instruction;*

1 “(4) academic instruction in disciplines in
2 *which American Indians are underrepresented;*

3 “(5) purchase of library books, periodicals, and
4 *other educational materials, including telecommuni-*
5 *cations program material;*

6 “(6) tutoring, counseling, and student service
7 *programs designed to improve academic success;*

8 “(7) funds management, administrative manage-
9 *ment, and acquisition of equipment for use in*
10 *strengthening funds management;*

11 “(8) joint use of facilities, such as laboratories
12 *and libraries;*

13 “(9) establishing or improving a development of-
14 *fice to strengthen or improve contributions from*
15 *alumni and the private sector;*

16 “(10) establishing or enhancing a program of
17 *teacher education designed to qualify students to teach*
18 *in elementary or secondary schools, with a particular*
19 *emphasis on teaching American Indian children and*
20 *youth, that shall include, as part of such program,*
21 *preparation for teacher certification;*

22 “(11) establishing community outreach programs
23 *which will encourage American Indian elementary*
24 *and secondary students to develop the academic skills*
25 *and the interest to pursue postsecondary education;*

1 “(12) *establishing or improving an endowment*
2 *fund; and*

3 “(13) *other activities proposed in the application*
4 *submitted pursuant to this subsection that—*

5 “(A) *contribute to carrying out the purposes*
6 *of this section; and*

7 “(B) *are approved by the Secretary as part*
8 *of the review and acceptance of such application.*

9 “(d) *APPLICATION PROCESS.—*

10 “(1) *INSTITUTIONAL ELIGIBILITY.—To be eligible*
11 *to receive assistance under this section, an institution*
12 *shall be an institution which—*

13 “(A) *is an eligible institution under section*
14 *312(b);*

15 “(B) *is eligible to receive assistance under*
16 *the Tribally Controlled Community College As-*
17 *sistance Act of 1978 (Public Law 95–471); or*

18 “(C) *is eligible to receive funds under the*
19 *Equity in Educational Land Grant Status Act*
20 *of 1994.*

21 “(2) *APPLICATION.—Any institution desiring to*
22 *receive assistance under this section shall submit an*
23 *application to the Secretary at such time, and in*
24 *such manner, as the Secretary may by regulation rea-*

1 sonably require. Each such application shall in-
2 clude—

3 “(A) a 5-year plan for improving the assist-
4 ance provided by the Tribal College or university
5 to Indian students, increasing the rates at which
6 Indian high school students enroll in higher edu-
7 cation, and increasing overall postsecondary re-
8 tention rates for Indian students; and

9 “(B) such enrollment data and other infor-
10 mation and assurances as the Secretary may re-
11 quire to demonstrate compliance with subpara-
12 graphs (A) and (B) of paragraph (1).

13 “(3) *SPECIAL RULE.*—For the purposes of this
14 part, no Tribal College or University which is eligible
15 for and receives funds under this section may concur-
16 rently receive other funds under this part or part B.”.

17 **SEC. 302. HISTORICALLY BLACK COLLEGES AND UNIVER-**
18 **SITIES.**

19 (a) *USES OF FUNDS.*—Section 323(a) (20 U.S.C.
20 1062(a)) is amended—

21 (1) by redesignating paragraph (12) as para-
22 graph (13); and

23 (2) by inserting after paragraph (11) the follow-
24 ing new paragraph:

1 “(12) *Establishing or improving an endowment*
2 *fund.*”.

3 (b) *LIMITATIONS.*—Section 323(b) is amended by
4 striking paragraph (3) and inserting the following:

5 “(3)(A) *An institution may not use more than 20 per-*
6 *cent of its grant under this part for any fiscal year for*
7 *establishing or improving an endowment fund.*

8 “(B) *An institution that uses any portion of its grant*
9 *under this part for any fiscal year for establishing or im-*
10 *proving an endowment fund shall provide an equal or*
11 *greater amount for such purposes from non-Federal funds.*

12 “(C) *The Secretary shall publish rules and regulations*
13 *specifically governing the use of funds for establishing or*
14 *improving an endowment fund.*”.

15 (c) *PROFESSIONAL OR GRADUATE INSTITUTIONS.*—

16 (1) *GENERAL AUTHORIZATION.*—Section 326(a)
17 (20 U.S.C. 1063b(a)) is amended—

18 (A) in paragraph (1), by inserting “in
19 *mathematics or the physical or natural sciences*”
20 after “graduate education opportunities”; and

21 (B) in paragraph (2), by striking “except
22 that” and all that follows and inserting the fol-
23 lowing: “, except that no institution shall be re-
24 quired to match any portion of the first
25 \$500,000 of its award from the Secretary. After

1 *allocations are made to each eligible institution*
2 *under the funding rules provided in subsection*
3 *(f), the Secretary shall reallocate, on a pro rata*
4 *basis, any amounts which remain unallocated*
5 *(by reason of the failure of an institution to*
6 *comply with the matching requirements of this*
7 *paragraph) among the institutions that have*
8 *complied with such matching requirement.”.*

9 *(2) USE OF FUNDS.—Section 326(c) (20 U.S.C.*
10 *1063b(c)) is amended by striking paragraphs (1)*
11 *through (3) and inserting the following:*

12 *“(1) purchase, rental or lease of scientific or lab-*
13 *oratory equipment for educational purposes, includ-*
14 *ing instructional and research purposes;*

15 *“(2) construction, maintenance, renovation, and*
16 *improvement in classroom, library, laboratory, and*
17 *other instructional facilities used exclusively for the*
18 *purposes of this section, including purchase or rental*
19 *of telecommunications technology equipment or serv-*
20 *ices;*

21 *“(3) purchase of library books, periodicals, tech-*
22 *nical and other scientific journals, microfilm, micro-*
23 *fiche, and other educational materials, including tele-*
24 *communications program materials;*

1 “(4) scholarships, fellowships, and other finan-
 2 cial assistance for needy graduate and professional
 3 students to permit their enrollment in and completion
 4 of the doctoral degree in medicine, dentistry, phar-
 5 macy, veterinary medicine, law, and the doctorate de-
 6 gree in the physical or natural sciences, engineering,
 7 mathematics, or other scientific disciplines in which
 8 African Americans are underrepresented;

9 “(5) establish or improve a development office to
 10 strengthen and increase contributions from alumni
 11 and the private sector;

12 “(6) assist in the establishment or maintenance
 13 of an institutional endowment to facilitate financial
 14 independence pursuant to section 331 of this title;
 15 and

16 “(7) funds and administrative management, and
 17 the acquisition of equipment, including software, for
 18 use in strengthening funds management and manage-
 19 ment information systems.”.

20 (3) *ELIGIBILITY*.—Section 326(e) (20 U.S.C.
 21 1063b(e)) is amended—

22 (A) in paragraph (1)

23 (i) by striking “include—” and insert-
 24 ing “are the following:”;

1 (ii) by inserting “and other qualified
2 graduate programs” before the semicolon at
3 the end of subparagraphs (F) through (J);

4 (iii) by striking “and” at the end of
5 subparagraph (O);

6 (iv) by inserting “University” after
7 “Jackson State” in subparagraph (P);

8 (v) by striking the period at the end of
9 such subparagraph and inserting a semi-
10 colon; and

11 (vi) by inserting after such subpara-
12 graph the following new subparagraphs:

13 “(Q) Norfolk State University qualified
14 graduate program; and

15 “(R) Tennessee State University qualified
16 graduate program.”; and

17 (B) by striking paragraphs (2) and (3) and
18 inserting the following:

19 “(2) QUALIFIED GRADUATE PROGRAM.—For the
20 purposes of this section, the term ‘qualified graduate
21 program’ means a graduate or professional program
22 that provides an accredited program of instruction in
23 the physical or natural sciences, engineering, mathe-
24 matics, or other scientific discipline in which African
25 Americans are underrepresented and has students en-

1 rolled in such program at the time of application for
2 a grant under this section.

3 “(3) *SPECIAL RULE.*—Institutions that were
4 awarded grants under this section prior to October 1,
5 1998, shall continue to receive such grants, subject to
6 the availability of appropriated funds, regardless of
7 the eligibility of the institutions described in subpara-
8 graphs (Q) and (R) of paragraph (1).”; and

9 (C) in paragraph (4), by inserting before
10 the period at the end the following: “, except that
11 the president or chancellor of the institution may
12 decide which graduate or professional school or
13 qualified graduate program will receive funds
14 under the grant in any one fiscal year”.

15 (4) *FUNDING RULE.*—Section 326(f) (20 U.S.C.
16 1063b(f)) is amended—

17 (A) by striking “Of the amount appro-
18 priated” and inserting “Subject to subsection
19 (g), of the amount appropriated”;

20 (B) in paragraph (1)—

21 (i) by striking “\$12,000,000” and in-
22 serting “\$26,000,000”; and

23 (ii) by striking “(A) through (E)” and
24 inserting “(A) through (P)”.

1 (C) by striking paragraph (2) and inserting
2 the following:

3 “(2) the next \$1,000,000 in excess of \$26,000,000
4 shall be available for the purpose of making grants to
5 institutions or programs identified in subparagraphs
6 (Q) and (R) of subsection (e)(1); and

7 “(3) if the amount appropriated exceeds
8 \$27,000,000, the Secretary shall develop a formula for
9 making allotments of such excess to each of the insti-
10 tutions or programs identified in subparagraphs (A)
11 through (R) using the following elements:

12 “(A) the number of students enrolled in the
13 eligible institution’s professional or graduate
14 school, or qualified graduate program which re-
15 ceived funding under this section in the previous
16 year;

17 “(B) the average cost of education per stu-
18 dent for all full-time graduate or professional
19 students (or the equivalent) enrolled in the eligi-
20 ble professional school, graduate school or doc-
21 toral students in the qualified graduate program;
22 and

23 “(C) the number of students who received
24 their first professional or doctoral degree at the
25 professional or graduate school or the qualified

1 graduate program in the preceding year for
 2 which the institution received funding under this
 3 section.”.

4 (5) *HOLD HARMLESS RULE.*—Section 326 is fur-
 5 ther amended by adding at the end the following new
 6 subsection:

7 “(g) *HOLD HARMLESS RULE.*—Notwithstanding
 8 paragraphs (2) and (3) of subsection (f), no institution or
 9 qualified program identified in subsection (e)(1) that re-
 10 ceived a grant for fiscal year 1998 and that is eligible to
 11 receive a grant in a subsequent fiscal year shall receive a
 12 grant amount in any such subsequent fiscal year that is
 13 less than the grant amount received for fiscal year 1998,
 14 unless the amount appropriated is not sufficient to provide
 15 such grant amounts to all such institutions and programs.”.

16 **SEC. 303. MINORITY SCIENCE AND ENGINEERING IMPROVE-**
 17 **MENT PROGRAM.**

18 (a) *AMENDMENT.*—Title III (20 U.S.C. 1051) is
 19 amended—

20 (1) by redesignating part D as part E; and

21 (2) by inserting after part C the following new
 22 part:

1 **“PART D—MINORITY SCIENCE AND ENGINEERING**
2 **IMPROVEMENT PROGRAM**

3 **“SEC. 341. PROGRAM AUTHORIZED.**

4 *“The Secretary shall, in accordance with the provi-*
5 *sions of this part, carry out a program of making grants*
6 *to institutions of higher education that are designed to effect*
7 *long-range improvements in science and engineering edu-*
8 *cation, and improve support programs for minority stu-*
9 *dents enrolled in science and engineering programs at pre-*
10 *dominantly minority institutions.*

11 **“SEC. 342. USE OF FUNDS.**

12 *“Funds appropriated for the purpose of this subpart*
13 *may be made available for—*

14 *“(1) providing needed services to groups of mi-*
15 *nority institutions or providing training for scientists*
16 *and engineers from eligible minority institutions;*

17 *“(2) providing needed services to groups of insti-*
18 *tutions serving significant numbers of minority stu-*
19 *dents or providing training for scientists and engi-*
20 *neers from such institutions to improve their ability*
21 *to train minority students in science or engineering;*

22 *“(3) assisting minority institutions to improve*
23 *the quality of preparation of their students for grad-*
24 *uate work or careers in science, mathematics, and*
25 *technology;*

1 “(4) improving access of undergraduate students
2 at minority institutions to careers in the sciences,
3 mathematics, and engineering;

4 “(5) improving access of minority students, par-
5 ticularly minority women, to careers in the sciences,
6 mathematics, and engineering;

7 “(6) improving access for pre-college minority
8 students to careers in science, mathematics, and engi-
9 neering through community outreach programs con-
10 ducted through colleges and universities eligible for
11 support through the Minority Science and Engineer-
12 ing Improvement Programs;

13 “(7) disseminating activities, information, and
14 educational materials designed to address specific
15 barriers to the entry of minorities into science and
16 technology, and conducting activities and studies con-
17 cerning the flow of underrepresented ethnic minorities
18 into scientific careers;

19 “(8) supporting curriculum models to encourage
20 minority student participation in research careers in
21 science, mathematics, and technology; and

22 “(9) improving the capability of minority insti-
23 tutions for self-assessment, management, and evalua-
24 tion of their science, mathematics, and engineering
25 programs and dissemination of their results.

1 **“SEC. 343. ELIGIBILITY FOR GRANTS.**

2 *“The Secretary may make grants under this part to*
 3 *minority institutions (as defined in section 347), organiza-*
 4 *tions, and entities to enable them to carry out programs*
 5 *and activities authorized by this part:*

6 *“(1)(A) institutions of higher education granting*
 7 *baccalaureate degrees; and*

8 *“(B) institutions of higher education granting*
 9 *associate degrees which—*

10 *“(i) have a curriculum including science or*
 11 *engineering subjects;*

12 *“(ii) apply jointly with institutions de-*
 13 *scribed in subparagraph (A); and*

14 *“(iii) have an articulation agreement with*
 15 *institutions described in subparagraph (A) for*
 16 *its science or engineering students; and*

17 *“(2) consortia of—*

18 *“(A) institutions which have a curriculum*
 19 *in science or engineering;*

20 *“(B) graduate institutions which have a*
 21 *curriculum in science or engineering;*

22 *“(C) Federal Education Research Centers;*

23 *“(D) research laboratories of, or under con-*
 24 *tract with, the Department of Energy;*

25 *“(E) private organizations which have*
 26 *science or engineering facilities; or*

1 “(F) quasi-governmental entities which have
 2 a significant scientific or engineering mission;
 3 to enable such institutions and consortia to carry pro-
 4 grams and activities authorized by this part.

5 **“SEC. 344. GRANT APPLICATION.**

6 “(a) *SUBMISSION AND CONTENTS OF APPLICATIONS.*—
 7 *An eligible applicant (as determined under section 343)*
 8 *that desires to receive a grant under this part shall submit*
 9 *to the Secretary an application therefor at such time or*
 10 *times, in such manner, and containing such information*
 11 *as the Secretary may prescribe by regulation. Such applica-*
 12 *tion shall set forth—*

13 “(1) *a program of activities for carrying out one*
 14 *or more of the purposes described in section 342 in*
 15 *such detail as will enable the Secretary to determine*
 16 *the degree to which such program will accomplish*
 17 *such purpose or purposes; and*

18 “(2) *such other policies, procedures, and assur-*
 19 *ances as the Secretary may require by regulation.*

20 “(b) *APPROVAL BASED ON LIKELIHOOD OF*
 21 *PROGRESS.*—*The Secretary shall approve an application*
 22 *only if the Secretary determines that the application sets*
 23 *forth a program of activities which are likely to make sub-*
 24 *stantial progress toward achieving the purposes of this part.*

1 **“SEC. 345. CROSS PROGRAM AND CROSS AGENCY COOPERA-**
 2 **TION.**

3 *“The Minority Science and Engineering Improvement*
 4 *Programs shall cooperate and consult with other programs*
 5 *within the Department and within Federal, State, and pri-*
 6 *vate agencies which carry out programs to improve the*
 7 *quality of science, mathematics, and engineering education.*

8 **“SEC. 346. ADMINISTRATIVE PROVISIONS.**

9 *“(a) TECHNICAL STAFF.—The Secretary shall ap-*
 10 *point, without regard to the provisions of title 5 of the*
 11 *United States Code governing appointments in the competi-*
 12 *tive service, not less than one technical employees with ap-*
 13 *propriate scientific and educational background to admin-*
 14 *ister the programs under this part who may be paid with-*
 15 *out regard to the provisions of chapter 51 and subchapter*
 16 *III of chapter 53 of such title relating to classification and*
 17 *General Schedule pay rates.*

18 *“(b) PROCEDURES FOR GRANT REVIEW.—The Sec-*
 19 *retary shall establish procedures for reviewing and evaluat-*
 20 *ing grants and contracts made or entered into under such*
 21 *programs. Procedures for reviewing grant applications,*
 22 *based on the peer review system, or contracts for financial*
 23 *assistance under this title may not be subject to any review*
 24 *outside of officials responsible for the administration of the*
 25 *Minority Science and Engineering Improvement Program.*

1 **“SEC. 347. DEFINITIONS.**

2 *“For the purpose of this part—*

3 *“(1) The term ‘minority institution’ means an*
 4 *institution of higher education whose enrollment of a*
 5 *single minority or a combination of minorities (as*
 6 *defined in paragraph (2)) exceeds 50 percent of the*
 7 *total enrollment. The Secretary shall verify this infor-*
 8 *mation from the data on enrollments in the higher*
 9 *education general information surveys (HEGIS) fur-*
 10 *nished by the institution to the Office for Civil*
 11 *Rights, Department of Education.*

12 *“(2) The term ‘minority’ means American In-*
 13 *dian, Alaskan Native, Black (not of Hispanic origin),*
 14 *Hispanic (including persons of Mexican, Puerto*
 15 *Rican, Cuban, and Central or South American ori-*
 16 *gin), Pacific Islander or other ethnic group underrep-*
 17 *resented in science and engineering.*

18 *“(3) The term ‘science’ means, for the purpose of*
 19 *this program, the biological, engineering, mathemati-*
 20 *cal, physical, behavioral, and social sciences, and his-*
 21 *tory and philosophy of science; also included are*
 22 *interdisciplinary fields which are comprised of over-*
 23 *lapping areas among two or more sciences.”.*

24 **SEC. 304. GENERAL PROVISIONS.**

25 *(a) APPLICATIONS FOR ASSISTANCE.—Section 351(a)*
 26 *(20 U.S.C. 1066(a)) is amended to read as follows:*

1 “(a) *APPLICATIONS.*—

2 “(1) *APPLICATIONS REQUIRED.*—*Any institution*
3 *which is eligible for assistance under this title shall*
4 *submit to the Secretary an application for assistance*
5 *at such time, in such form, and containing such in-*
6 *formation, as may be necessary to enable the Sec-*
7 *retary to evaluate its need for assistance. Subject to*
8 *the availability of appropriations to carry out this*
9 *title, the Secretary may approve an application for a*
10 *grant under this title only if the Secretary determines*
11 *that—*

12 “(A) *the application meets the requirements*
13 *of subsection (b);*

14 “(B) *the applicant is eligible for assistance*
15 *in accordance with the part of this title under*
16 *which the assistance is sought; and*

17 “(C) *the applicant’s performance goals are*
18 *sufficiently rigorous as to meet the purposes of*
19 *this title and the performance objectives and in-*
20 *dicators for this title established by the Secretary*
21 *pursuant to the Government Performance and*
22 *Results Act.*

23 “(2) *PRELIMINARY APPLICATIONS.*—*In carrying*
24 *out paragraph (1), the Secretary shall develop a pre-*
25 *liminary application for use by eligible institutions*

1 *applying under part A prior to the submission of the*
 2 *principal application.”.*

3 (b) *CONTENTS OF APPLICATIONS.*—Section 351(b) is
 4 *amended—*

5 (1) *in paragraph (5)(A), by inserting “and the*
 6 *Government Performance and Results Act” after*
 7 *“under this title”; and*

8 (2) *in paragraph (6), by inserting before the*
 9 *semicolon the following: “, except that for purposes of*
 10 *section 316, paragraphs (2) and (3) shall not apply”.*

11 (c) *WAIVERS.*—Section 352(a) (20 U.S.C. 1067(a)) is
 12 *amended—*

13 (1) *by striking “or” at the end of paragraph (5);*

14 (2) *by redesignating paragraph (6) as para-*
 15 *graph (7); and*

16 (3) *by inserting after paragraph (5) the follow-*
 17 *ing new paragraph:*

18 “(6) *that is a tribally controlled community col-*
 19 *lege as defined in the Tribally Controlled Community*
 20 *College Act of 1978; or”.*

21 (d) *APPLICATION REVIEW PROCESS.*—Section 353(a)
 22 (20 U.S.C. 1068(a)) is *amended—*

23 (1) *in paragraph (2), by striking “Native Amer-*
 24 *ican colleges and universities” and inserting “Tribal*
 25 *Colleges and Universities”; and*

1 (2) in paragraph (3)—

2 (A) by striking subparagraph (A); and

3 (B) by redesignating subparagraphs (B)

4 and (C) as subparagraphs (A) and (B), respec-
5 tively.

6 (e) CONTINUATION AWARDS.—Part D of title III is
7 amended by inserting after section 354 (20 U.S.C. 1069)
8 the following new section:

9 **“SEC. 355. CONTINUATION AWARDS.**

10 *“The Secretary shall make continuation awards under*
11 *this title for the second and succeeding years of a grant*
12 *only after determining that the recipient is making satisfac-*
13 *tory progress in carrying out the grant.”.*

14 (f) AUTHORIZATION OF APPROPRIATIONS.—Section
15 360 (20 U.S.C. 1069f) is amended—

16 (1) by striking subsection (a) and inserting the
17 following:

18 “(a) AUTHORIZATIONS.—

19 “(1) PART A.—(A) There are authorized to be
20 appropriated to carry out part A (other than sections
21 316), \$135,000,000 for fiscal year 1999, and such
22 sums as may be necessary for each of the 4 succeeding
23 fiscal years.

24 “(B) There are authorized to be appropriated to
25 carry out section 316, \$10,000,000 for fiscal year

1 1999, and such sums as may be necessary for each of
 2 the 4 succeeding fiscal years.

3 “(2) *PART B.*—(A) *There are authorized to be*
 4 *appropriated to carry out part B (other than section*
 5 *326), \$135,000,000 for fiscal year 1999, and such*
 6 *sums as may be necessary for each of the 4 succeeding*
 7 *fiscal years.*

8 “(B) *There are authorized to be appropriated to*
 9 *carry out section 326, \$35,000,000 for fiscal year*
 10 *1999, and such sums as may be necessary for each of*
 11 *the 4 succeeding fiscal years.*

12 “(3) *PART C.*—*There are authorized to be appro-*
 13 *priated to carry out part C, \$10,000,000 for fiscal*
 14 *year 1999, and such sums as may be necessary for*
 15 *each of the 4 succeeding fiscal years.*

16 “(4) *PART D.*—*There are authorized to be appro-*
 17 *priated to carry out Part D, \$10,000,000 for fiscal*
 18 *year 1999, and such sums as may be necessary for*
 19 *each of the 4 succeeding fiscal years.”; and*

20 (2) *by striking subsections (c), (d) and (e).*

21 ***TITLE IV—STUDENT ASSISTANCE***

22 ***PART A—GRANTS TO STUDENTS***

23 ***SEC. 401. PELL GRANTS.***

24 (a) *EXTENSION OF AUTHORITY.*—*Section 401(a) (20*
 25 *U.S.C. 1070a(a)) is amended—*

1 (1) *in paragraph (1)—*

2 (A) *by striking “September 30, 1998” and*
 3 *inserting “September 30, 2004”; and*

4 (B) *by striking the second sentence; and*

5 (2) *in paragraph (2), by striking “the disburse-*
 6 *ment system required by paragraph (1)” and insert-*
 7 *ing “the disbursement of Federal Pell Grants”.*

8 (b) *AMOUNT OF GRANT.—Section 401(b)(2)(A) is*
 9 *amended to read as follows:*

10 “(2)(A) *The amount of the Federal Pell Grant for a*
 11 *student eligible under this part shall be—*

12 “(i) \$4,500 for academic year 1999–2000,

13 “(ii) \$4,700 for academic year 2000–2001,

14 “(iii) \$4,900 for academic year 2001–2002,

15 “(iv) \$5,100 for academic year 2002–2003, *and*

16 “(v) \$5,300 for academic year 2003–2004,

17 *less an amount equal to the amount determined to be the*
 18 *expected family contribution with respect to that student*
 19 *for that year.”.*

20 (c) *RELATION OF MAXIMUM GRANT TO TUITION AND*
 21 *EXPENSES.—Section 401(b)(3) is amended—*

22 (1) *by striking “\$2,400” each place it appears*
 23 *and inserting “\$3,000”; and*

24 (2) *by adding at the end the following new sub-*
 25 *paragraph:*

1 “(C) *An institution that charged only fees in lieu of*
 2 *tuition as of January 31, 1997, may include in its deter-*
 3 *mination of tuition charged, fees that would normally con-*
 4 *stitute tuition.*”.

5 (d) *DEPENDENT CARE AND DISABILITY RELATED EX-*
 6 *PENSES.*—Section 401(b)(3)(B) is amended by striking
 7 “\$750” and inserting “\$1,500”.

8 (e) *INSTITUTIONAL INELIGIBILITY BASED ON DEFAULT*
 9 *RATES.*—Section 401 is amended by adding at the end the
 10 *following new subsection:*

11 “(j) *INSTITUTIONAL INELIGIBILITY BASED ON DE-*
 12 *FAULT RATES.*—

13 “(1) *IN GENERAL.*—No institution of higher edu-
 14 *cation shall be an eligible institution for purposes of*
 15 *this section if such institution of higher education is*
 16 *ineligible to participate in a loan program under this*
 17 *title as a result of a final default rate determination*
 18 *made by the Secretary under part B or D of this title,*
 19 *or both, after the final publication of fiscal year 1996*
 20 *cohort default rates.*

21 “(2) *SANCTIONS SUBJECT TO APPEAL OPPOR-*
 22 *TUNITY.*—No institution may be subject to the terms
 23 *of this subsection unless it has had the opportunity to*
 24 *appeal its default rate determination under regula-*
 25 *tions issued by the Secretary for the Federal Family*

1 *Education Loan or Federal Direct Loan Program, as*
 2 *applicable. This subsection shall not apply to an in-*
 3 *stitution that was not participating in the loan pro-*
 4 *grams authorized under part B or D of this title on*
 5 *the date of enactment of the Higher Education*
 6 *Amendments of 1998, unless the institution subse-*
 7 *quently participates in the loan programs.”.*

8 (f) *CONFORMING AMENDMENTS.—*

9 (1) *Section 400(a)(1) (20 U.S.C. 1070(a)(1)) is*
 10 *amended by striking “basic educational opportunity*
 11 *grants” and inserting “Federal Pell Grants”.*

12 (2) *The heading of subpart 1 of part A of title*
 13 *IV is amended to read as follows:*

14 ***“Subpart 1—Federal Pell Grants”.***

15 (3) *Section 401 is amended—*

16 (A) *in the heading of the section, by strik-*
 17 *ing “**BASIC EDUCATIONAL OPPORTUNITY**”*
 18 *and inserting “**FEDERAL PELL**”;*

19 (B) *in subsection (a)(3), by striking “Basic*
 20 *grants” and inserting “Grants”;*

21 (C) *by striking “basic grant” each place it*
 22 *appears and inserting “Federal Pell Grant”; and*

23 (D) *by striking “basic grants” each place it*
 24 *appears and inserting “Federal Pell Grants”.*

1 (4) Section 401(f)(3) is amended by striking
2 “Education and Labor” and inserting “Education
3 and the Workforce”.

4 (5) Section 452(c) (20 U.S.C. 1087b(c)) is
5 amended by striking “basic grants” and inserting
6 “Federal Pell Grants”.

7 (6) Subsections (j)(2) and (k)(3) of section 455
8 (20 U.S.C. 1087e) are each amended by striking
9 “basic grants” and inserting “Federal Pell Grants”.

10 **SEC. 402. FEDERAL TRIO PROGRAMS.**

11 (a) *PROGRAM AUTHORITY; AUTHORIZATION OF AP-*
12 *PROPRIATIONS.—*

13 (1) *DURATION OF GRANTS.—*Section 402A(b)(2)
14 (20 U.S.C. 1070a–11(b)(2)) is amended—

15 (A) by striking subparagraph (A);

16 (B) by striking the period at the end of sub-
17 paragraph (B) and inserting “; and”;

18 (C) by redesignating subparagraph (B) as
19 subparagraph (A); and

20 (D) by adding at the end the following new
21 subparagraph:

22 “(B) grants under section 402H shall be
23 awarded for a period determined by the Sec-
24 retary.”.

1 (2) *MINIMUM GRANTS.*—Section 402A(b)(3) is
2 amended to read as follows:

3 “(3) *MINIMUM GRANTS.*—Unless the institution
4 or agency requests a smaller amount, individual
5 grants under this chapter shall be no less than—

6 “(A) \$170,000 for programs authorized by
7 sections 402D and 402G;

8 “(B) \$180,000 for programs authorized by
9 sections 402B and 402F; and

10 “(C) \$190,000 for programs authorized by
11 sections 402C and 402E.”.

12 (3) *PROCEDURES FOR AWARDING GRANTS AND*
13 *CONTRACTS.*—Subsection (c) of section 402A is
14 amended to read as follows:

15 “(c) *PROCEDURES FOR AWARDING GRANTS AND CON-*
16 *TRACTS.*—

17 “(1) *APPLICATION REQUIREMENTS.*—An eligible
18 entity that desires to receive a grant or contract
19 under this chapter shall submit an application to the
20 Secretary in such manner and form, and containing
21 such information and assurances, as the Secretary
22 may reasonably require.

23 “(2) *PRIOR EXPERIENCE.*—In making grants
24 under this chapter, the Secretary shall consider each
25 applicant’s prior experience of service delivery under

1 *the particular program for which funds are sought.*
2 *The level of consideration given the factor of prior ex-*
3 *perience shall not vary from the level of consideration*
4 *given such factor during fiscal years 1994 through*
5 *1997, except that grants made under section 402H*
6 *shall not be given prior experience consideration.*

7 “(3) *ORDER OF AWARDS; PROGRAM FRAUD.—(A)*
8 *Except with respect to grants made under sections*
9 *402G and 402H and as provided in subparagraph*
10 *(B), the Secretary shall award grants and contracts*
11 *under this chapter in the order of the scores received*
12 *by the application for such grant or contract in the*
13 *peer review process required under section 110 and*
14 *adjusted for prior experience in accordance with*
15 *paragraph (2) of this subsection.*

16 “(B) *The Secretary is not required to provide as-*
17 *sistance to a program otherwise eligible for assistance*
18 *under this chapter, if the Secretary has determined*
19 *that such program has involved the fraudulent use of*
20 *funds under this chapter.*

21 “(4) *PEER REVIEW PROCESS.—(A) The Sec-*
22 *retary shall assure that, to the extent practicable,*
23 *members of groups underrepresented in higher edu-*
24 *cation, including African Americans, Hispanics, Na-*
25 *tive Americans, Alaska Natives, Asian Americans,*

1 *Native American Pacific Islanders (including Native*
2 *Hawaiians), are represented as readers of applica-*
3 *tions submitted under this chapter. The Secretary*
4 *shall also assure that persons from urban and rural*
5 *backgrounds are represented as readers.*

6 *“(B) The Secretary shall ensure that each appli-*
7 *cation submitted under this chapter is read by at*
8 *least 3 readers who are not employees of the Federal*
9 *Government (other than as readers of applications).*

10 *“(5) NUMBER OF APPLICATIONS FOR GRANTS*
11 *AND CONTRACTS.—The Secretary shall not limit the*
12 *number of applications submitted by an entity under*
13 *any program authorized under this chapter if the ad-*
14 *ditional applications describe programs serving dif-*
15 *ferent populations or campuses.*

16 *“(6) COORDINATION WITH OTHER PROGRAMS*
17 *FOR DISADVANTAGED STUDENTS.—The Secretary*
18 *shall encourage coordination of programs assisted*
19 *under this chapter with other programs for disadvan-*
20 *tagged students operated by the sponsoring institution*
21 *or agency, regardless of the funding source of such*
22 *programs. The Secretary shall not limit an entity’s*
23 *eligibility to receive funds under this chapter because*
24 *such entity sponsors a program similar to the pro-*
25 *gram to be assisted under this chapter, regardless of*

1 *the funding source of such program. The Secretary*
2 *shall permit the Director of a program receiving*
3 *funds under this chapter to administer one or more*
4 *additional programs for disadvantaged students oper-*
5 *ated by the sponsoring institution or agency, regard-*
6 *less of the funding sources of such programs.*

7 “(7) *APPLICATION STATUS.*—*The Secretary shall*
8 *inform each entity operating programs under this*
9 *chapter regarding the status of their application for*
10 *continued funding at least 8 months prior to the expi-*
11 *ration of the grant or contract. The Secretary, in the*
12 *case of an entity that is continuing to operate a suc-*
13 *cessful program under this chapter, shall ensure that*
14 *the start-up date for a new grant or contract for such*
15 *program immediately follows the termination of pre-*
16 *ceding grant or contract so that no interruption of*
17 *funding occurs for such successful reapplicants. The*
18 *Secretary shall inform each entity requesting assist-*
19 *ance under this chapter for a new program regarding*
20 *the status of their application at least 8 months prior*
21 *to the proposed startup date of such program.”.*

22 “(4) *AUTHORIZATION OF APPROPRIATIONS.*—*Sec-*
23 *tion 402A(f) is amended—*

1 (A) by striking “\$650,000,000 for fiscal
2 year 1993” and inserting “\$800,000,000 for fis-
3 cal year 1999”; and

4 (B) by striking everything after the first
5 sentence.

6 (b) *TALENT SEARCH*.—Section 402B(b) (20 U.S.C.
7 1070a–12(b)) is amended—

8 (1) by striking paragraph (4) and inserting the
9 following:

10 “(4) guidance on and assistance in secondary
11 school reentry, entry to general educational develop-
12 ment (GED) programs, other alternative education
13 programs for secondary school dropouts, or post-
14 secondary education;”; and

15 (2) in paragraph (8), by striking “parents” and
16 inserting “families”.

17 (c) *UPWARD BOUND*.—Section 402C (20 U.S.C.
18 1070a–13) is amended—

19 (1) in subsection (b)—

20 (A) in paragraph (2), by striking “personal
21 counseling” and inserting “counseling and work-
22 shops”;

23 (B) in paragraph (6)—

24 (i) by inserting “work-study and
25 other” before “activities”; and

1 (ii) by inserting before the semicolon at
 2 the end the following: “, including careers
 3 requiring a postsecondary degree”;

4 (C) in paragraph (9), by striking “and” at
 5 the end;

6 (D) in paragraph (10), by striking
 7 “through (9)” and inserting “through (10)”; and

8 (E) by redesignating paragraph (10) as
 9 paragraph (11) and by inserting after para-
 10 graph (9) the following new paragraph:

11 “(10) special services to enable veterans to make
 12 the transition to postsecondary education; and”; and

13 (2) in subsection (c), by inserting “, other than
 14 a project a majority of the participants in which are
 15 veterans,” after “this chapter”.

16 (d) *STUDENT SUPPORT SERVICES*.—Section
 17 402D(c)(6) (20 U.S.C. 1070a–14(c)(6)) is amended by in-
 18 serting before the period at the end the following: “and min-
 19 imize the student’s loan burden”.

20 (e) *POSTBACCALAUREATE ACHIEVEMENT PROGRAM*.—
 21 Section 402E (20 U.S.C. 1070a–15) is amended—

22 (1) in subsection (c)(3), by inserting “or accept-
 23 ed in a graduate program” after “degree program”;
 24 and

1 (2) in subsection (e)(1), by striking “\$2,400”
 2 and inserting “\$3,200”.

3 (f) *STAFF DEVELOPMENT ACTIVITIES*.—Section
 4 402G(b) (20 U.S.C. 1070a–17(b)) is amended by inserting
 5 after paragraph (3) the following new paragraph:

6 “(4) The use of appropriate educational tech-
 7 nology in the operation of projects assisted under this
 8 chapter.”.

9 (g) *EVALUATION FOR PROJECT IMPROVEMENT*.—Sec-
 10 tion 402H(b) (20 U.S.C. 1070a–18(b)) is amended by add-
 11 ing at the end the following new sentence: “Such evaluations
 12 shall also investigate the effectiveness of alternative and in-
 13 novative methods within Federal TRIO programs of in-
 14 creasing access to, and retention of, students in postsecond-
 15 ary education.”.

16 **SEC. 403. NATIONAL EARLY INTERVENTION AND PARTNER-**
 17 **SHIP PROGRAM.**

18 Section 404G (20 U.S.C. 1070a–27) is amended by
 19 striking “1993” and inserting “1999”.

20 **SEC. 404. REPEALS.**

21 (a) *REPEALS OF SUBPART 2 PROVISIONS*.—The follow-
 22 ing provisions of subpart 2 of part A of title IV are re-
 23 pealed:

24 (1) Chapter 3 (20 U.S.C. 1070a–31 et seq.).

25 (2) Chapter 4 (20 U.S.C. 1070a–41 et seq.).

1 (3) *Chapter 5 (20 U.S.C. 1070a–51 et seq.).*

2 (4) *Chapter 6 (20 U.S.C. 1070a–61 et seq.).*

3 (5) *Chapter 7 (20 U.S.C. 1070a–71 et seq.).*

4 (6) *Chapter 8 (20 U.S.C. 1070a–81 et seq.).*

5 (b) *SUBPART 8.—Subpart 8 of part A of title IV (20*
6 *U.S.C. 1070f) is repealed.*

7 (c) *CONFORMING AMENDMENT.—Section 400(b) (20*
8 *U.S.C. 1070(b)) is amended by striking “subparts 1 through*
9 *8” and inserting “subparts 1 through 6”.*

10 ***SEC. 405. ESTABLISHMENT OF NEW PROGRAMS.***

11 *Subpart 2 of part A of title IV is amended by inserting*
12 *after chapter 2 (20 U.S.C. 1070a–81) the following new*
13 *chapters:*

14 ***“CHAPTER 3—HIGH HOPES FOR COLLEGE***

15 ***“Subchapter A—21st Century Scholar Certificates***

16 ***“SEC. 406A. 21ST CENTURY SCHOLAR CERTIFICATES.***

17 *“(a) FINDINGS.—The Congress makes the following*
18 *findings:*

19 *“(1) Among low-income students who, despite*
20 *high test scores, are not planning on attending college,*
21 *nearly 60 percent cite an inability to afford school as*
22 *the reason.*

23 *“(2) About 80 percent of our 12th graders who*
24 *are interested in continuing their education after high*
25 *school go on to college if their parents read materials*

1 *about financial aid, compared to only 55 percent of*
2 *such students if their parents do not read this mate-*
3 *rial.*

4 “(3) *In 1996, the American Council on Edu-*
5 *cation found that the public overestimated the tuition*
6 *of public 2-year colleges by about 3 times the actual*
7 *average tuition, of public 4-year colleges by over twice*
8 *the actual average tuition, and of private 4-year uni-*
9 *versities by almost one-third more than the actual av-*
10 *erage tuition.*

11 “(4) *There is a need for, and a significant bene-*
12 *fit from, providing students, and through them their*
13 *parents, with information about the variety of Fed-*
14 *eral student financial assistance programs, such as*
15 *Pell grants, Federal work-study and loans, and the*
16 *AmeriCorps Education Awards that make college*
17 *more affordable than ever before.*

18 “(b) *AUTHORITY.—*

19 “(1) *The Secretary, using funds appropriated*
20 *under section 407H(a) of this Act—*

21 “(A) *shall ensure that certificates, to be*
22 *known as 21st Century Scholar Certificates, are*
23 *provided to all students participating in projects*
24 *under chapter 2; and*

1 “(B) may, as practicable, ensure that such
 2 certificates are provided to all students in grades
 3 6 through 12 who attend schools at which at
 4 least 50 percent of the students enrolled are eligi-
 5 ble for free or reduced-price lunch.

6 “(2) A 21st Century Scholar Certificate shall be
 7 personalized for each student and indicate the amount
 8 of Federal financial aid for college for which a stu-
 9 dent may be eligible.

10 **“Subchapter B—High Hopes Partnerships**

11 **“SEC. 407A. PURPOSE.**

12 *“It is the purpose of this chapter to encourage and pre-
 13 pare students in low-income communities, beginning not
 14 later than the 7th grade, to prepare for, enter, and success-
 15 fully complete college by assisting college-school-community
 16 partnerships to—*

17 *“(1) provide in-school and on-campus early col-
 18 lege awareness activities to these students and their
 19 parents;*

20 *“(2) ensure ongoing adult guidance and other
 21 support to these students;*

22 *“(3) provide useful, early information to these
 23 students and their parents on the need for, options re-
 24 lated to, and financing (including the availability of
 25 financial assistance) of a college education; and*

1 “(4) *help ensure that these students have access*
 2 *to rigorous core courses, such as algebra and geom-*
 3 *etry, that prepare them for college.*

4 **“SEC. 407B. GRANTS.**

5 “(a) *GRANTS AUTHORIZED.—From funds appro-*
 6 *priated under section 407H(a), the Secretary shall make*
 7 *grants to college-school-community partnerships for activi-*
 8 *ties under section 407D.*

9 “(b) *ELIGIBLE PARTNERSHIP.—For purposes of this*
 10 *chapter, an eligible partnership shall include—*

11 “(1) *one or more local educational agencies act-*
 12 *ing on behalf of—*

13 “(A) *one or more participating schools; and*

14 “(B) *the public secondary schools that stu-*
 15 *dents from these schools would normally attend;*

16 “(2) *one or more degree granting institutions of*
 17 *higher education; and*

18 “(3) *at least two community organizations or*
 19 *entities, such as businesses, professional associations,*
 20 *community-based organizations, or other public or*
 21 *private agencies or organizations.*

22 “(c) *DEFINITIONS.—For the purpose of this chapter—*

23 “(1) *‘participating school’ means a public school*
 24 *in which—*

25 “(A) *there is a 7th grade;*

1 “(B) *one or more cohorts of students receive*
2 *services under this chapter; and*

3 “(C) *at least 50 percent of the students en-*
4 *rolled are eligible for free or reduced-price lunch;*
5 *and*

6 “(2) ‘*cohort of students*’ means—

7 “(A) *an entire grade level of students in a*
8 *participating school; or*

9 “(B) *if the partnership determines that it*
10 *would promote the effectiveness of a project, an*
11 *entire grade level of students, beginning not later*
12 *than the 7th grade, who reside in public housing*
13 *as defined in section 3(b)(1) of the United States*
14 *Housing Act of 1937.*

15 “(d) *DURATION.—Each grant awarded under this*
16 *chapter shall be for a 6-year period.*

17 “(e) *COST SHARING.—*

18 “(1) *Federal funds shall provide no more than*
19 *80 percent of the cost of the project in the first year,*
20 *70 percent of the cost in the second year, 60 percent*
21 *of the cost in the third year, 50 percent of the cost*
22 *in the fourth year, 40 percent of the cost in the fifth*
23 *year, and 30 percent of the cost in the sixth year.*

24 “(2) *The non-Federal share of grants awarded*
25 *under this chapter may—*

1 “(A) be in cash or in kind, fairly evaluated,
2 including services, supplies, or equipment; and

3 “(B) include the non-Federal share of work-
4 study grants under part C of title IV of this Act
5 awarded to students who serve as tutors or men-
6 tors in projects under this chapter.

7 “(3) The Secretary may waive the cost sharing
8 requirement described in paragraph (1) for any eligi-
9 ble partnership that demonstrates to the satisfaction
10 of the Secretary an extraordinary hardship that pre-
11 vents compliance with that requirement.

12 “(f) *EQUITABLE GEOGRAPHIC DISTRIBUTION.*—To the
13 extent possible, the Secretary shall award grants under this
14 chapter in a manner that achieves an equitable geographic
15 distribution of those grants.

16 “(g) *PRIORITY AWARDS UNDER CHAPTER 2.*—Before
17 making grants under this chapter for fiscal year 1999, the
18 Secretary shall, as appropriate, make awards to recipients
19 eligible for continuation awards under chapter 2 of subpart
20 2 of this title as it was in effect prior to the enactment
21 of the Higher Education Amendments of 1998.

22 **“SEC. 407C. GRANT APPLICATION; PREFERENCES.**

23 “(a) *APPLICATION REQUIRED.*—An eligible partner-
24 ship desiring to receive a grant under this chapter shall

1 *submit an application to the Secretary, in such form and*
2 *containing such information, as the Secretary may require.*

3 “(b) *APPLICATION CONTENTS.—Each application*
4 *shall include—*

5 “(1) *the name of each partner and a description*
6 *of its responsibilities, including the designation of ei-*
7 *ther an institution of higher education or a local edu-*
8 *cational agency as the fiscal agent for the partner-*
9 *ship;*

10 “(2) *a description of the need for the project, in-*
11 *cluding a description of how the project will build on*
12 *existing services and activities, if any;*

13 “(3) *a listing of the human, financial (other*
14 *than funds under this chapter), and other resources*
15 *that each member of the partnership will contribute*
16 *to the partnership, and a description of the efforts*
17 *each member of the partnership will make in seeking*
18 *additional resources;*

19 “(4) *a description of how the project will oper-*
20 *ate, including how grant funds will be used to meet*
21 *the purpose of this chapter;*

22 “(5) *a description of how services will be coordi-*
23 *nated with, and will complement and enhance, serv-*
24 *ices received by participating schools and students*
25 *under other related Federal and non-Federal pro-*

1 *grams, including programs under title I, part A of*
2 *title VII, and part 1 of title X of the Elementary and*
3 *Secondary Education Act of 1965, the School-to-Work*
4 *Opportunities Act of 1994, section 402 of this Act,*
5 *and the Individuals with Disabilities Education Act;*

6 *“(6) a description of how the partnership will*
7 *support and continue the services under this chapter*
8 *after the grant has expired;*

9 *“(7) an assurance from each local educational*
10 *agency using funds under this chapter that—*

11 *“(A) at least 50 percent of the students en-*
12 *rolled in each participating school are eligible*
13 *for free or reduced-price lunch;*

14 *“(B) its aggregate expenditures per student*
15 *for activities described in this chapter will not be*
16 *reduced from the level of such expenditures in the*
17 *year prior to the grant; and*

18 *“(C) someone at each participating school*
19 *will be designated as the primary point of con-*
20 *tact for the partnership;*

21 *“(8) an assurance that participating students*
22 *will have access to rigorous core academic courses that*
23 *reflect challenging State or local academic standards;*
24 *and*

1 “(9) an assurance that members will provide the
 2 performance information required by the Secretary,
 3 which would be used to base continuation of the
 4 grant.

5 “(c) *PREFERENCES.*—In reviewing applications under
 6 this chapter, the Secretary shall give preference to projects
 7 that—

8 “(1) will serve participating schools in which at
 9 least 75 percent of the students enrolled are eligible
 10 for free or reduced-price lunch;

11 “(2) provide a commitment from non-Federal
 12 sources to pay all or part of the cost of college,
 13 through tuition assistance or guarantees (not already
 14 available), such as ‘last-dollar grants’, for participat-
 15 ing students; and

16 “(3) hold participating students responsible for
 17 school or community service and high academic per-
 18 formance.

19 **“SEC. 407D. PROGRAM REQUIREMENTS; USES OF FUNDS.**

20 “(a) *PROGRAM REQUIREMENTS.*—Projects under this
 21 chapter shall—

22 “(1) have a program coordinator who is either
 23 full-time or whose primary responsibility is the
 24 project under this chapter;

1 “(2) provide services to at least one cohort of stu-
2 dents, beginning not later than the 7th grade;

3 “(3) ensure that the services authorized under
4 this chapter are provided through the 12th grade to
5 students in the cohort, including students who attend
6 another participating school or a secondary school
7 identified under section 407B(b)(1)(B);

8 “(4) include activities and information that fos-
9 ter and improve parent involvement in promoting
10 postsecondary education for their children, including
11 the provision of useful early information on the ad-
12 vantages of a college education, academic admissions
13 requirements, and the need to take core courses, ad-
14 missions and achievement tests, application proce-
15 dures, college costs and options, and the availability
16 of student financial aid;

17 “(5) include academic counseling, career aware-
18 ness, and tutoring or mentoring from trained person-
19 nel, as well as other student support services that en-
20 able students to succeed academically and apply for,
21 enter, and complete college;

22 “(6) include training in promoting early college
23 awareness for classroom teachers, guidance counselors,
24 and staff of the schools involved in the project; faculty
25 and program personnel in participating institutions

1 *of higher education; and participating mentors and*
2 *tutors;*

3 *“(7) include activities on college campuses and*
4 *enrichment activities associated with postsecondary*
5 *education; and*

6 *“(8) include arrangements that ensure that all*
7 *participating students have access to rigorous core*
8 *courses that reflect challenging State or local aca-*
9 *demic standards and that prepare them for college.*

10 *“(b) USE OF FUNDS.—In addition to the activities de-*
11 *scribed in subsection (a), a recipient of funds under this*
12 *chapter may use them—*

13 *“(1) where necessary and appropriate to ensure*
14 *active participation, to pay stipends to participating*
15 *students and their mentors;*

16 *“(2) where necessary and appropriate to ensure*
17 *active participation, to pay transportation costs for*
18 *participants to attend project-sponsored activities;*

19 *“(3) to provide out-of-school and summer activi-*
20 *ties related to the project;*

21 *“(4) for project evaluation; and*

22 *“(5) to recognize the responsibility and achieve-*
23 *ment of participating students through ceremonies,*
24 *awards, and other means.*

1 **“SEC. 407E. SERVICES FOR STUDENTS ATTENDING PRIVATE**
2 **SCHOOLS.**

3 *“A local educational agency that participates in an*
4 *eligible partnership shall provide services supported with*
5 *Federal funds under this chapter on an equitable basis, con-*
6 *sistent with section 14503 of Elementary and Secondary*
7 *Education Act of 1965, to students in private schools that—*

8 *“(1) have a 7th grade;*

9 *“(2) have students at least 50 percent of whom*
10 *are eligible for free or reduced-price lunch; and*

11 *“(3) are located in the normal attendance area*
12 *of a participating school.*

13 **“SEC. 407F. EVALUATION.**

14 *“In order to improve the operation of the program as-*
15 *sisted under this chapter, the Secretary shall, with funds*
16 *appropriated under section 407H(a), make grants to, and*
17 *enter into contracts and cooperative agreements with, insti-*
18 *tutions of higher education and other public and private*
19 *institutions and organizations to evaluate the effectiveness*
20 *of the program assisted under this chapter and, as appro-*
21 *priate, disseminate such results.*

22 **“SEC. 407G. PEER REVIEW.**

23 *“The Secretary shall use a peer review process to re-*
24 *view applications under this chapter and make rec-*
25 *ommendations for funding to the Secretary.*

1 **“SEC. 407H. AUTHORIZATION OF APPROPRIATIONS.**

2 “(a) *AUTHORIZATION OF APPROPRIATION.—There are*
3 *authorized to be appropriated \$140,000,000 for fiscal year*
4 *1999 and such sums as may be necessary for each of the*
5 *5 succeeding fiscal years to carry out this chapter.*

6 “(b) *RESERVATION FOR TECHNICAL ASSISTANCE AND*
7 *PEER REVIEW.—From the amount appropriated under*
8 *subsection (a) for any fiscal year, the Secretary may reserve*
9 *up 0.5 percent of that amount to obtain additional qualified*
10 *readers and additional staff to review applications, to in-*
11 *crease the level of oversight monitoring, to support impact*
12 *studies, program assessments and reviews, and to provide*
13 *technical assistance to potential applicants and current*
14 *grantees.*

15 **“CHAPTER 4—FRANK TEJEDA SCHOLARSHIP**
16 **PROGRAM**

17 **“SEC. 408A. STATEMENT OF PURPOSE.**

18 *“It is the purpose of this chapter to establish a Frank*
19 *Tejeda Scholarship Program to recruit and train teachers*
20 *who are proficient in both Spanish and English and who*
21 *show promise of academic achievement.*

22 **“SEC. 408B. SCHOLARSHIPS AUTHORIZED.**

23 “(a) *PROGRAM AUTHORITY.—The Secretary is author-*
24 *ized, in accordance with the provisions of this chapter, to*
25 *award scholarships to individuals consistent with the pur-*
26 *poses of this chapter.*

1 “(b) *TEJEDA SCHOLARS.*—*Individuals awarded schol-*
 2 *arships under this chapter shall be known as ‘Tejeda Schol-*
 3 *ars’.*

4 **“SEC. 408C. ALLOCATION AMONG STATES.**

5 “(a) *ALLOCATION FORMULA.*—*From the sums appro-*
 6 *priated pursuant to the authority of section 408H for any*
 7 *fiscal year, the Secretary shall allocate to each State an*
 8 *amount equal to \$5,000 multiplied by the number of schol-*
 9 *arships determined by the Secretary to be available to such*
 10 *State in accordance with subsection (b).*

11 “(b) *NUMBER OF SCHOLARSHIPS AVAILABLE.*—*The*
 12 *number of scholarships to be made available in a State for*
 13 *any fiscal year shall bear the same ratio to the number of*
 14 *scholarships made available to all States as the State’s pop-*
 15 *ulation ages 5 through 17 bears to the population ages 5*
 16 *through 17 in all the States, except that not less than 10*
 17 *scholarships shall be made available to any State.*

18 “(c) *USE OF CENSUS DATA.*—*For the purpose of this*
 19 *section, the population ages 5 through 17 in a State and*
 20 *in all the States shall be determined by the most recently*
 21 *available data, satisfactory to the Secretary, from the Bu-*
 22 *reau of the Census. The Bureau of the Census shall produce*
 23 *and publish intercensal data for Puerto Rico and the other*
 24 *territories.*

1 **“SEC. 408D. ELIGIBILITY OF SCHOLARS.**

2 “(a) *HIGH SCHOOL GRADUATION OR EQUIVALENT AND*
 3 *ADMISSION TO INSTITUTION REQUIRED.*—*Each student*
 4 *awarded a scholarship under this chapter shall—*

5 “(1) *be—*

6 “(A) *a low-income individual, as that term*
 7 *is defined in section 402A(g)(2) of this title; or*

8 “(B) *an individual who is eligible for a Pell*
 9 *Grant under subpart 1 of this part;*

10 “(2) *be a citizen of the United States;*

11 “(3) *be a resident of the State in which he or she*
 12 *applies;*

13 “(4) *be enrolled or accepted for enrollment on a*
 14 *full- or part-time basis, at a graduate or undergradu-*
 15 *ate level, in an institution of higher education that*
 16 *has an accredited teacher preparation program;*

17 “(5) *have demonstrated proficiency in the*
 18 *English and Spanish languages, as certified by the*
 19 *applicant’s academic institution; and*

20 “(6) *have agreed, upon graduation from such*
 21 *program—*

22 “(A) *to serve no less than one year for each*
 23 *year of scholarship assistance, but no fewer than*
 24 *two years of service in total, as a teacher in a*
 25 *public elementary or secondary school in which*
 26 *there is a demonstrated need for Spanish-speak-*

1 *ing teachers and professionals, as determined by*
 2 *the Secretary;*

3 *“(B) to complete such service within 6 years*
 4 *of graduation; and*

5 *“(C) that if the student is unable to com-*
 6 *plete such service, the student will, except as pro-*
 7 *vided in subsection (c), repay the Secretary the*
 8 *total amount, or a pro rata amount of the schol-*
 9 *arship received under this chapter in proportion*
 10 *to the amount of service completed, plus interest*
 11 *and collection costs in the same manner as re-*
 12 *payment of a student loan made under part D*
 13 *of this title.*

14 *“(b) SELECTION BASED ON PROMISE OF ACADEMIC*
 15 *ACHIEVEMENT.—Each student awarded a scholarship*
 16 *under this chapter must demonstrate outstanding academic*
 17 *achievement and show promise of continued academic*
 18 *achievement, as certified by the student’s academic institu-*
 19 *tion.*

20 *“(c) EXCEPTION TO REPAYMENT OBLIGATION.—*

21 *“(1) DEFERRAL DURING CERTAIN PERIODS.—A*
 22 *recipient shall not be considered in violation of the*
 23 *agreement entered into pursuant to subsection*
 24 *(a)(4)(C) during any period in which the recipient—*

1 “(A) is pursuing a full-time course of study
2 related to the field of teaching at an eligible in-
3 stitution;

4 “(B) is serving, not in excess of 3 years, as
5 a member of the armed services of the United
6 States;

7 “(C) is temporarily totally disabled for a
8 period of time not to exceed 3 years as estab-
9 lished by sworn affidavit of a qualified physi-
10 cian;

11 “(D) is unable to secure employment for a
12 period not to exceed 12 months by reason of hav-
13 ing to care for a spouse, child, parent, or imme-
14 diate family member who is disabled;

15 “(E) is seeking and unable to find full-time
16 employment for a single period not to exceed 12
17 months;

18 “(F) is seeking and unable to find full-time
19 employment as a teacher in a public or private
20 nonprofit preschool, elementary or secondary
21 school, or education program for a single period
22 not to exceed 27 months; or

23 “(G) satisfies the provisions of additional
24 repayment exceptions that may be prescribed by

1 *the Secretary in regulations issued pursuant to*
 2 *this subpart.*

3 “(2) *FORGIVENESS IF PERMANENTLY TOTALLY*
 4 *DISABLED.*—*A recipient shall be excused from repay-*
 5 *ment of any scholarship assistance received under this*
 6 *chapter if the recipient becomes permanently totally*
 7 *disabled as established by sworn affidavit of a quali-*
 8 *fied physician.*

9 **“SEC. 408E. SELECTION OF SCHOLARS.**

10 “(a) *ESTABLISHMENT OF CRITERIA.*—*The Secretary*
 11 *shall establish criteria for the selection of scholars under this*
 12 *chapter that meet the requirements of section 408D.*

13 “(b) *TIMING OF SELECTION.*—*The selection process*
 14 *shall be completed, and the awards made, no later than May*
 15 *1 of the academic year preceding the academic year for*
 16 *which the award will be used.*

17 **“SEC. 408F. STIPENDS AND SCHOLARSHIP CONDITIONS.**

18 “(a) *AMOUNT OF AWARD.*—*Each student awarded a*
 19 *scholarship under this chapter shall receive a stipend of*
 20 *\$5,000 for the academic year of study for which the scholar-*
 21 *ship is awarded, except that in no case shall the total*
 22 *amount of financial aid awarded to such student exceed*
 23 *such student’s total cost-of-attendance.*

24 “(b) *USE OF AWARD.*—*The State educational agency*
 25 *shall establish procedures to assure that a scholar awarded*

1 *a scholarship under this chapter pursues a course of study*
 2 *at an institution of higher education.*

3 **“SEC. 408G. CONSTRUCTION OF NEEDS PROVISIONS.**

4 *“Notwithstanding section 471, nothing in this chapter,*
 5 *or any other Act, shall be construed to permit the receipt*
 6 *of a scholarship under this chapter to be counted for any*
 7 *needs test in connection with the awarding of any grant*
 8 *or the making of any loan under this Act or any other pro-*
 9 *vision of Federal law relating to educational assistance.*

10 **“SEC. 408H. AUTHORIZATION OF APPROPRIATIONS.**

11 *“There are authorized to be appropriated for this chap-*
 12 *ter \$5,000,000 for fiscal year 1998 and such sums as may*
 13 *be necessary for each of the 4 succeeding fiscal years.*

14 **“CHAPTER 5—CAMPUS-BASED CHILD CARE**

15 **“SEC. 410A. CAMPUS-BASED CHILD CARE.**

16 *“(a) PROGRAM AUTHORIZED.—*

17 *“(1) AUTHORITY.—The Secretary may award*
 18 *grants to institutions of higher education to assist the*
 19 *institutions in providing campus-based child care*
 20 *services to low-income students.*

21 *“(2) AMOUNT OF GRANTS.—*

22 *“(A) IN GENERAL.—The amount of a grant*
 23 *awarded to an institution of higher education*
 24 *under this section for a fiscal year shall not ex-*
 25 *ceed 1 percent of the total amount of all Federal*

1 *Pell Grant funds awarded to students enrolled at*
2 *the institution of higher education for the preced-*
3 *ing fiscal year.*

4 “(B) *MINIMUM.*—*A grant under this section*
5 *shall be awarded in an amount that is not less*
6 *than \$10,000.*

7 “(3) *DURATION AND PAYMENTS.*—

8 “(A) *DURATION.*—*The Secretary shall*
9 *award a grant under this section for a period of*
10 *3 years.*

11 “(B) *PAYMENTS.*—*Subject to paragraph (2),*
12 *the Secretary shall make annual grant payments*
13 *under this section.*

14 “(4) *ELIGIBLE INSTITUTIONS.*—*An institution of*
15 *higher education shall be eligible to receive a grant*
16 *under this section for a fiscal year if the total amount*
17 *of all Federal Pell Grant funds awarded to students*
18 *enrolled at the institution of higher education for the*
19 *preceding fiscal year equals or exceeds \$350,000.*

20 “(5) *USE OF FUNDS.*—*Grant funds under this*
21 *section shall be used by an institution of higher edu-*
22 *cation to support or establish a campus-based child*
23 *care program serving the needs of low-income students*
24 *enrolled at the institution of higher education.*

1 “(6) *DEFINITION OF LOW-INCOME STUDENT.*—

2 *For the purpose of this section, the term ‘low-income*
3 *student’ means a student who is eligible to receive a*
4 *Federal Pell Grant for the fiscal year for which the*
5 *determination is made.*

6 “(b) *APPLICATIONS.*—*An institution of higher edu-*
7 *cation desiring a grant under this section shall submit an*
8 *application to the Secretary at such time, in such manner,*
9 *and accompanied by such information as the Secretary*
10 *may require. Each application shall—*

11 “(1) *demonstrate that the institution is an eligi-*
12 *ble institution described in subsection (a)(4);*

13 “(2) *specify the amount of funds requested;*

14 “(3) *demonstrate the need of low-income students*
15 *at the institution for campus-based child care services*
16 *by including in the application student demographics*
17 *and other relevant data;*

18 “(4) *identify the resources the institution will*
19 *draw upon to support the child care program and the*
20 *participation of low-income students in the program,*
21 *such as accessing social services funding, using stu-*
22 *dent activity fees to help pay the costs of child care,*
23 *using resources obtained by meeting the needs of par-*
24 *ents who are not low-income students, accessing founda-*
25 *tion, corporate, or other institutional support, and*

1 *demonstrating that the use of the resources will not*
2 *result in increases in student tuition;*

3 *“(5) contain an assurance that the institution*
4 *will meet the child care needs of low-income students*
5 *through the provision of services, or through a con-*
6 *tract for the provision of services;*

7 *“(6) provide a timeline, covering the period from*
8 *receipt of the grant through the provision of the child*
9 *care services, delineating the specific steps the institu-*
10 *tion will take to achieve the goal of providing low-in-*
11 *come students with child care services;*

12 *“(7) specify any measures the institution will*
13 *take to assist low-income students with child care*
14 *during the period before the institution provides child*
15 *care services;*

16 *“(8) include a plan for identifying resources*
17 *needed for the child care services, including space in*
18 *which to provide child care services, and technical as-*
19 *sistance if necessary;*

20 *“(9) contain an assurance that any child care*
21 *facility assisted under this section will meet the ap-*
22 *plicable State or local government licensing, certifi-*
23 *cation, approval, or registration requirements; and*

24 *“(10) contain a plan for any child care facility*
25 *assisted under this section to become accredited with-*

1 *in 3 years of the date the institution first receives as-*
 2 *sistance under this section.*

3 “(c) *REPORTING REQUIREMENTS; CONTINUING ELIGI-*
 4 *BILITY.—*

5 “(1) *REPORTING REQUIREMENTS.—*

6 “(A) *REPORTS.—Each institution of higher*
 7 *education receiving a grant under this section*
 8 *shall report to the Secretary 18 months and 36*
 9 *months after receiving the first grant payment*
 10 *under this section.*

11 “(B) *CONTENTS.—The report shall in-*
 12 *clude—*

13 “(i) *data on the population served*
 14 *under this section;*

15 “(ii) *information on campus and com-*
 16 *munity resources and funding used to help*
 17 *low-income students access child care serv-*
 18 *ices;*

19 “(iii) *information on progress made*
 20 *toward accreditation of any child care facil-*
 21 *ity; and*

22 “(iv) *information on the impact of the*
 23 *grant on the quality, availability, and af-*
 24 *fordability of campus-based child care serv-*
 25 *ices.*

1 “(2) *CONTINUING ELIGIBILITY.*—*The Secretary*
 2 *shall make the third annual grant payment under*
 3 *this section to an institution of higher education only*
 4 *if the Secretary determines, on the basis of the 18-*
 5 *month report submitted under paragraph (1), that the*
 6 *institution is making a good faith effort to ensure*
 7 *that low-income students at the institution have ac-*
 8 *cess to affordable, quality child care services.*

9 “(d) *AUTHORIZATION OF APPROPRIATIONS.*—*There*
 10 *are authorized to be appropriated to carry out this section*
 11 *\$30,000,000 for fiscal year 1999 and such sums as may be*
 12 *necessary for each of the 4 succeeding fiscal years.”.*

13 **SEC. 406. FEDERAL SUPPLEMENTAL EDUCATIONAL OPPOR-**
 14 **TUNITY GRANTS.**

15 (a) *EXTENSION OF AUTHORITY.*—*Section 413A(b)(1)*
 16 *(20 U.S.C. 1070b(b)(1)) is amended by striking “1993” and*
 17 *inserting “1999”.*

18 (b) *USE OF FUNDS FOR LESS-THAN-FULL-TIME STU-*
 19 *DENTS.*—*Subsection (d) of section 413C (20 U.S.C. 1070b-*
 20 *2(d)) is amended by striking “and if the total financial*
 21 *need” and all that follows and inserting the following: “,*
 22 *then grant funds shall be made available to such independ-*
 23 *ent and less-than-full-time students.”.*

24 (c) *ALLOCATION OF FUNDS.*—*Section 413D (20 U.S.C.*
 25 *1070b-3) is amended—*

1 (1) *by striking subsection (b); and*

2 (2) *in subsection (c)(1), by striking “three-quar-*
3 *ters of the remainder” and inserting “the remainder”;*

4 (3) *in subsection (c)(2)(A)(i), by striking “sub-*
5 *section (d)” and inserting “subsection (c)”;*

6 (4) *by redesignating subsections (c), (d), (e), and*
7 *(f) as subsections (b), (c), (d), and (e), respectively;*
8 *and*

9 (5) *by inserting after subsection (e) (as so redes-*
10 *ignated) the following new subsection:*

11 “(f) *CARRY-OVER/CARRY-BACK AUTHORITY.—*

12 “(1) *CARRY-OVER AUTHORITY.—*

13 “(A) *CARRY-OVER UP TO 10 PERCENT.—Of*
14 *the sums granted to an eligible institution under*
15 *this subpart for any fiscal year, 10 percent may,*
16 *at the discretion of the institution, remain avail-*
17 *able for expenditure during the succeeding fiscal*
18 *year to carry out the program under this sub-*
19 *part.*

20 “(B) *REALLOCATION OF EXCESS.—Any of*
21 *the sums so granted to an institution for a fiscal*
22 *year which are not needed by that institution to*
23 *operate programs under this subpart during that*
24 *fiscal year, and which it does not wish to use*
25 *during the next fiscal year as authorized in the*

preceding sentence, shall remain available to the Secretary for making grants under section 413B to other institutions in the same State until the close of the second fiscal year next succeeding the fiscal year for which such funds were appropriated.

“(2) CARRY-BACK AUTHORITY.—

“(A) CARRY-BACK UP TO 10 PERCENT.—Up to 10 percent of the sums the Secretary determines an eligible institution may receive from funds which have been appropriated for a fiscal year may be used by the institution for expenditure during the fiscal year preceding the fiscal year for which the sums were appropriated.

“(B) USE OF CARRIED-BACK FUNDS.—An eligible institution may make grants to students after the end of the academic year, but prior to the beginning of the succeeding fiscal year, from such succeeding fiscal year’s appropriations.”.

SEC. 407. GRANTS TO STATES FOR STATE STUDENT INCENTIVES.

(a) AUTHORIZATION OF APPROPRIATIONS.—Section 415A(b) of the Higher Education Act of 1965 (20 U.S.C. 1070c(b)) is amended—

1 (1) in paragraph (1), by striking “1993” and in-
2 serting “1999”;

3 (2) by redesignating paragraph (2) as para-
4 graph (3); and

5 (3) by inserting after paragraph (1) the follow-
6 ing:

7 “(2) *RESERVATION.*—For any fiscal year for
8 which the amount appropriated under paragraph (1)
9 exceeds \$25,000,000, the excess shall be available to
10 carry out section 415E.”.

11 (b) *SPECIAL LEVERAGING EDUCATIONAL ASSISTANCE*
12 *PARTNERSHIP PROGRAM.*—Subpart 4 of part A of title IV
13 of the Higher Education Act of 1965 (20 U.S.C. 1070c et
14 seq.) is amended—

15 (1) by redesignating section 415E as section
16 415F; and

17 (2) by inserting after section 415D the following:

18 **“SEC. 415E. SPECIAL LEVERAGING EDUCATIONAL ASSIST-**
19 **ANCE PARTNERSHIP PROGRAM.**

20 “(a) *IN GENERAL.*—From amounts reserved under sec-
21 tion 415A(b)(2) for each fiscal year, the Secretary shall—

22 “(1) make allotments among States in the same
23 manner as the Secretary makes allotments among
24 States under section 415B; and

1 “(2) award grants to States, from allotments
 2 under paragraph (1), to enable the States to pay the
 3 Federal share of the cost of the authorized activities
 4 described in subsection (c).

5 “(b) *AUTHORIZED ACTIVITIES.*—Each State receiving
 6 a grant under this section may use the grant funds for—

7 “(1) increasing the dollar amount of grants
 8 awarded under section 415B to eligible students who
 9 demonstrate financial need;

10 “(2) carrying out transition programs from sec-
 11 ondary school to postsecondary education for eligible
 12 students who demonstrate financial need;

13 “(3) carrying out a financial aid program for el-
 14 igible students who demonstrate financial need and
 15 wish to enter teaching or computer-related careers, or
 16 other fields of study determined by the State to be
 17 critical to the State’s workforce needs;

18 “(4) carrying out early intervention programs,
 19 mentoring programs, and career education programs
 20 for eligible students who demonstrate financial need;
 21 and

22 “(5) awarding merit or academic scholarships to
 23 eligible students who demonstrate financial need.

24 “(c) *MAINTENANCE OF EFFORT REQUIREMENT.*—Each
 25 State receiving a grant under this section for a fiscal year

1 *shall provide the Secretary an assurance that the aggregate*
 2 *amount expended per student or the aggregate expenditures*
 3 *by the State, from funds derived from non-Federal sources,*
 4 *for the authorized activities described in subsection (b) for*
 5 *the preceding fiscal year were not less than the amount ex-*
 6 *pended per student or the aggregate expenditures by the*
 7 *State for the activities for the second preceding fiscal year.*
 8 *The Secretary may waive this subsection for good cause,*
 9 *as determined by the Secretary.*

10 “(d) *FEDERAL SHARE.*—*The Federal share of the cost*
 11 *of the authorized activities described in subsection (b) for*
 12 *any fiscal year shall be 25 percent.”.*

13 (c) *TECHNICAL AND CONFORMING AMENDMENTS.*—

14 (1) *PURPOSE.*—*Subsection (a) of section 415A of*
 15 *the Higher Education Act of 1965 (20 U.S.C.*
 16 *1070c(a)) is amended to read as follows:*

17 “(a) *PURPOSE OF SUBPART.*—*It is the purpose of this*
 18 *subpart to make incentive grants available to States to as-*
 19 *sist States in—*

20 “(1) *providing grants to—*

21 “(A) *eligible students attending institutions*
 22 *of higher education or participating in programs*
 23 *of study abroad that are approved for credit by*
 24 *institutions of higher education at which such*
 25 *students are enrolled; and*

1 “(B) eligible students for campus-based
2 community service work-study; and
3 “(2) carrying out the activities described in sec-
4 tion 415F.”.

5 (2) ALLOTMENT.—Section 415B(a)(1) of the
6 Higher Education Act of 1965 (20 U.S.C. 1070c–
7 1(a)(1)) is amended by inserting “and not reserved
8 under section 415A(b)(2)” after “415A(b)(1)”.

9 **SEC. 408. SPECIAL PROGRAMS FOR STUDENTS WHOSE FAMI-**
10 **LIES ARE ENGAGED IN MIGRANT AND SEA-**
11 **SONAL FARMWORK.**

12 (a) COORDINATION.—Section 418A(d) (20 U.S.C.
13 1070d–2(d)) is amended by inserting after “contains assur-
14 ances” the following: “that the grant recipient will coordi-
15 nate its project, to the extent feasible, with other local, State,
16 and Federal programs to maximize the resources available
17 for migrant students, and”.

18 (b) EXTENSION OF AUTHORITY.—Section 418A(g) is
19 amended by striking “1993” each place it appears and in-
20 serting “1999”.

21 (c) DATA COLLECTION.—Section 418A is amended by
22 adding at the end the following new subsection:

23 “(h) DATA COLLECTION.—The National Center for
24 Education Statistics shall collect postsecondary education
25 data on migrant students.”.

(d) *TECHNICAL AMENDMENTS.—Section 418A(e) is amended by striking “authorized by subpart 4 of this part in accordance with section 417A(b)(2)” and inserting “in accordance with section 402A(c)(1)”.*

5 SEC. 409. BYRD SCHOLARSHIPS.

6 (a) *ELIGIBILITY.*—Section 419G (20 U.S.C. 1070d–
7 37) is amended by adding at the end the following new sub-
8 section:

9 “(e) *TERMINATION OF ELIGIBILITY.*—The eligibility of
10 students from the Federated States of Micronesia, the Re-
11 public of the Marshall Islands, and Palau shall expire on
12 September 30, 2001.”.

13 (b) *AUTHORIZATION OF APPROPRIATIONS.—Section*
14 *419K (20 U.S.C. 1070d–41) is amended by striking*
15 *“\$10,000,000 for fiscal year 1993” and inserting*
16 *“\$40,000,000 for fiscal year 1999”.*

17 ***PART B—FEDERAL FAMILY EDUCATION LOAN***
18 ***PROGRAM***

19 **SEC. 411. LIMITATION REPEALED.**

20 *Section 421 (20 U.S.C. 1071) is amended by striking*
21 *subsection (d).*

22 SEC. 412. ADVANCES TO RESERVE FUNDS.

23 *Section 422 (20 U.S.C. 1072) is amended—*

(1) in subsection (a)(2), by striking
“428(c)(10)(E)” and inserting “428(c)(9)(E)”;

1 (2) in subsection (c)(6)(B)(i), by striking “han-
 2 dle written” and inserting “handle written, elec-
 3 tronic,”;

4 (3) in subsection (c)(7)

5 (A) by striking “to a guaranty agency—”
 6 and everything that follows through “(B) if the
 7 Secretary” and inserting “to a guaranty agency,
 8 if the Secretary”;

9 (B) by striking “428(c)(10)(F)(v)” and in-
 10 serting “428(c)(9)(F)(v)”;

11 (C) by inserting “and” after “cash needs,”;
 12 and

13 (D) by striking “or ensure” and everything
 14 that follows and inserting a period; and

15 (4) in the first and second sentences of subsection
 16 (g)(1), by striking “or the program authorized by
 17 part D of this title” each place it appears.

18 **SEC. 413. GUARANTY AGENCY REFORMS.**

19 (a) *FEDERAL STUDENT LOAN RESERVE FUND.*—Part
 20 B of title IV is amended by inserting after section 422 (20
 21 U.S.C. 1072) the following new section:

22 **“SEC. 422A. FEDERAL STUDENT LOAN RESERVE FUND.**

23 “(a) *ESTABLISHMENT.*—Each guaranty agency shall,
 24 not later than 60 days after the date of enactment of this
 25 section, deposit all funds, securities, and other liquid assets

1 contained in the reserve fund established pursuant to sec-
 2 tion 422 of this part into a Federal Student Loan Reserve
 3 Fund (in this section and section 422B referred to as the
 4 ‘Federal Fund’) which shall be an account of a type selected
 5 by the agency, with the approval of the Secretary.

6 “(b) INVESTMENT OF FUNDS.—Funds maintained in
 7 the Federal Fund shall be invested in obligations issued or
 8 guaranteed by the United States or a State, or in other
 9 similarly low-risk securities selected by the guaranty agen-
 10 cy.

11 “(c) ADDITIONAL DEPOSITS.—After the establishment
 12 of the Federal Fund, a guaranty agency shall deposit into
 13 the Federal Fund—

14 “(1) all amounts received from the Secretary as
 15 payment of reinsurance on loans pursuant to section
 16 428(c)(1);

17 “(2) from amounts collected on behalf of the obli-
 18 gation of a defaulted borrower, a percentage amount
 19 equal to the complement of the reinsurance percentage
 20 in effect when payment under the guaranty agreement
 21 was made with respect to the defaulted loan pursuant
 22 to sections 428(c)(6)(A) and 428F(a)(1)(B); and

23 “(3) insurance premiums collected from borrow-
 24 ers pursuant to sections 428(b)(1)(H) and 428H(h).

1 “(d) *USES OF FUNDS.*—Subject to subsection (f), the
2 *Federal Fund* may only be used by a guaranty agency—

3 “(1) to pay lender claims pursuant to section
4 428(b)(1)(G), section 428(j), section 437, and section
5 439(q); and

6 “(2) to pay into the *Agency Operating Fund* es-
7 tablished pursuant to section 422B a default preven-
8 tion fee in accordance with section 428(l).

9 “(e) *OWNERSHIP OF FEDERAL FUND.*—

10 “(1) *IN GENERAL.*—The *Federal Fund* of the
11 *guaranty agency*, and any assets purchased or devel-
12 oped with funds from the *Federal Fund* or any other
13 funds considered reserve funds on the date of enact-
14 ment of this section, regardless of who holds or con-
15 trols the reserves or assets, shall be considered to be
16 the property of the United States to be used in the op-
17 eration of the program authorized by this part, as
18 provided in subsection (d) of this section.

19 “(2) *NONLIQUID RESERVE FUND AND OTHER AS-*
20 *SETS.*—Notwithstanding any other provision of law,
21 nonliquid reserve fund assets, such as buildings and
22 equipment purchased or developed by the guaranty
23 agency with funds from the *Federal Fund*, or any
24 other funds considered reserve funds on the date of en-
25 actment of this section shall—

1 “(A) remain the property of the United
2 States;

3 “(B) be used only for such purposes as the
4 Secretary determines are appropriate; and

5 “(C) be subject to such restrictions on the
6 disposition of such assets (which may include a
7 requirement that any sale of such assets be at not
8 less than fair market value) as the Secretary de-
9 termines are appropriate.

10 “(f) *TRANSITION.*—

11 “(1) *IN GENERAL.*—In order to establish the
12 Agency Operating Fund authorized by section 422B,
13 each guaranty agency may transfer up to 180 days
14 cash expenses for normal operating expenses, as a
15 working capital reserve as defined in Office of Man-
16 agement and budget circular A-87 (Cost Accounting
17 Standards) from the Federal Fund for deposit into
18 the Agency Operating Fund for use in the perform-
19 ance of its duties under this part. Such transfers may
20 occur during the first three years following the estab-
21 lishment of the Operating Fund. However, no agency
22 may transfer in excess of 50 percent of the Federal
23 Fund balance to its Operating Fund during any fis-
24 cal year. In determining the transfer amount, the
25 agency shall insure that sufficient funds remain in

1 *the Federal Fund to pay lender claims within the re-*
 2 *quired time periods and to meet the reserve recall re-*
 3 *quirements of the Balanced Budget Act of 1997.*

4 “(2) *REPAYMENT PROVISIONS.*—*Each guaranty*
 5 *agency shall begin repayment of sums transferred*
 6 *pursuant to this subsection no later than the start of*
 7 *the fourth year after the establishment of the Agency*
 8 *Operating Fund, and shall repay all amounts trans-*
 9 *ferred no later than 5 years from the date of the es-*
 10 *tablishment of the Agency Operating Fund. Each*
 11 *guaranty agency shall provide to the Secretary, on an*
 12 *annual basis, a financial analysis demonstrating its*
 13 *ability to repay all outstanding amounts while any*
 14 *transferred amounts are owned to the Federal Fund.*

15 “(3) *SPECIAL RULE.*—*In applying the minimum*
 16 *reserve level required by section 428(c)(9)(A), the Sec-*
 17 *retary shall include all amounts owed to the Federal*
 18 *Fund by the agency due to transfers allowed under*
 19 *paragraph (1) in the calculation.”.*

20 “(b) *AGENCY OPERATING FUND ESTABLISHED.*—*Part*
 21 *B of title IV is further amended by inserting after section*
 22 *422A (as added by subsection (a)) the following new section:*
 23 **“SEC. 422B. AGENCY OPERATING FUND.**

24 “(a) *ESTABLISHMENT.*—*Each guaranty agency shall,*
 25 *not later than 60 days after the date of enactment of this*

1 *section, establish a fund designated as the Agency Operating*
2 *Fund (hereinafter referred to as the ‘Operating Fund’).*

3 “(b) *INVESTMENT OF FUNDS.—Funds deposited into*
4 *the Operating Fund shall be invested at the discretion of*
5 *the guaranty agency in accordance with prudent investor*
6 *standards.*

7 “(c) *ADDITIONAL DEPOSITS.—After the establishment*
8 *of the Operating Fund, the guaranty agency shall deposit*
9 *into the Operating Fund—*

10 “(1) *the loan processing and issuance fee paid by*
11 *the Secretary pursuant to section 428(f);*

12 “(2) *the portfolio maintenance fee paid by the*
13 *Secretary pursuant to section 458;*

14 “(3) *the default prevention fee paid in accord-*
15 *ance with section 428(l);*

16 “(4) *amounts retained by the guaranty agency*
17 *pursuant to section 428(c)(6)(B) from collection on*
18 *defaulted loans held by the agency, after payment of*
19 *the Secretary’s equitable share, excluding amounts de-*
20 *posited in the Federal Fund pursuant to section*
21 *422A(c)(2); and*

22 “(5) *interest earned on the Federal Fund during*
23 *the first 3 years after the date of enactment of this*
24 *section, but only to the extent permitted by regula-*
25 *tions prescribed by the Secretary to permit a limited*

1 *number of guaranty agencies (not to exceed 10) essen-*
2 *tial resources to maintain sufficient operating funds*
3 *and to restructure their operations in accordance with*
4 *the requirements of this section and section 422A.*

5 “(d) *USES OF FUNDS.*—

6 “(1) *IN GENERAL.*—*Funds in the Operating*
7 *Fund shall be used for activities related to student fi-*
8 *nancial aid, including application processing, loan*
9 *disbursement, enrollment and repayment status man-*
10 *agement, default prevention activities, default collec-*
11 *tion activities, school and lender training, financial*
12 *awareness and outreach activities, compliance mon-*
13 *itoring, other loan program related activities in sup-*
14 *port of postsecondary education and other student fi-*
15 *nancial aid related activities as determined by the*
16 *guaranty agency.*

17 “(2) *SPECIAL RULE.*—*The guaranty agency*
18 *may, in its discretion, transfer funds from the Oper-*
19 *ating Fund to the Federal Student Loan Reserve*
20 *Fund for use in accordance with section 422A. Such*
21 *transfer shall be irrevocable, and any funds so trans-*
22 *ferred shall become the property of the United States.*

23 “(3) *DEFINITIONS.*—*For purposes of this sub-*
24 *section:*

1 “(A) The term ‘default collection activities’
2 means activities of a guaranty agency which are
3 directly related to the collection of the loan on
4 which a default claim has been paid to the par-
5 ticipating lender, including the due diligence ac-
6 tivities required pursuant to regulations of the
7 Secretary.

8 “(B) The term ‘default prevention activities’
9 means activities of a guaranty agency which are
10 directly related to providing collection assistance
11 to the lender on a delinquent loan, prior to the
12 loan’s being legally in a default status, including
13 due diligence activities required pursuant to reg-
14 ulations of the Secretary.

15 “(C) The term ‘enrollment and repayment
16 status management’ means activities of a guar-
17 anty agency which are directly related to
18 ascertaining the student’s enrollment status, in-
19 cluding prompt notification to the lender of such
20 status, an audit of the note or written agreement
21 to determine if the provisions of that note or
22 agreement are consistent with the records of the
23 guaranty agency as to the principal amount of
24 the loan guaranteed, and an examination of the
25 note or agreement to assure that the repayment

1 provisions are consistent with the provisions of
2 this part.

3 “(e) *OWNERSHIP OF OPERATING FUND.*—*The Operat-*
4 *ing Fund of the guaranty agency shall be considered to be*
5 *the property of the guaranty agency. The Secretary may*
6 *regulate the uses or expenditure of moneys in the Operating*
7 *Fund with respect to activities required under guaranty*
8 *agency agreements under subsections (b) and (c) of section*
9 *428 until such time as a guaranty agency has repaid to*
10 *the Federal Fund all reserve funds transferred under section*
11 *422A(f). During any period in which funds are owed to*
12 *the Federal Fund as a result of a transfer under 422A(f),*
13 *moneys in the Operating Fund may only be used for ex-*
14 *penses related to the student loan programs authorized*
15 *under this part. The Secretary may require such necessary*
16 *reports and audits as provided in section 428(b)(2).”.*

17 (c) *ADDITIONAL RECALL OF RESERVES.*—*Section 422*
18 *(as amended by section 412) is further amended by adding*
19 *at the end the following new subsection:*

20 “(i) *ADDITIONAL RECALL OF RESERVES.*—

21 “(1) *IN GENERAL.*—*Notwithstanding any other*
22 *provision of law, the Secretary shall recall*
23 *\$30,000,000 for each of the fiscal years 1999, 2000,*
24 *2001, 2002, and 2003 from the reserve funds held by*
25 *guaranty agencies.*

1 “(2) *DEPOSIT.*—*Funds recalled by the Secretary*
 2 *under this subsection shall be deposited in the Treas-*
 3 *ury.*

4 “(3) *REQUIRED SHARE.*—*The Secretary shall re-*
 5 *quire each guaranty agency to return annually re-*
 6 *serve funds under paragraph (1) based on one-fifth of*
 7 *the agency’s required share. For purposes of this*
 8 *paragraph, a guaranty agency’s required share shall*
 9 *be determined as follows:*

10 “(A) *The Secretary shall impose on each*
 11 *guaranty agency an equal percentage reduction*
 12 *in the amount of the agency’s reserve funds held*
 13 *as of September 30, 1996.*

14 “(B) *The equal percentage reduction shall*
 15 *be the percentage obtained by dividing—*

16 “(i) *\$150,000,000 by*

17 “(ii) *the total amount of all such agen-*
 18 *cies’ reserve funds held as of September 30,*
 19 *1996.*

20 “(4) *OFFSET OF REQUIRED SHARES.*—*If any*
 21 *guaranty returns to the Secretary any reserves in ex-*
 22 *cess of the amount required under this subsection or*
 23 *subsection (h), the total amount required to be re-*
 24 *turned under paragraph (1) shall be reduced by the*
 25 *amount of such additional reserve return.*

1 “(5) *DEFINITION OF RESERVE FUNDS.*—*The term*
 2 *‘reserve funds’ when used with respect to a guaranty*
 3 *agency—*

4 “(A) *includes any reserve funds in cash or*
 5 *liquid assets held by the guaranty agency, or*
 6 *held by, or under the control of, any other entity;*
 7 *and*

8 “(B) *does not include building, equipment,*
 9 *or other nonliquid assets.”.*

10 (d) *CONFORMING AMENDMENTS.*—

11 (1) *REINSURANCE PAYMENTS.*—

12 (A) *AMENDMENTS.*—*Section 428(c)(1) (20*
 13 *U.S.C. 1078(c)(1)) is amended—*

14 (i) *in subparagraph (A), by striking*
 15 *“98 percent” and inserting “95 percent”;*

16 (ii) *in subparagraph (B)(i), by strik-*
 17 *ing “88 percent” and inserting “85 per-*
 18 *cent”;* and

19 (iii) *in subparagraph (B)(ii), by strik-*
 20 *ing “78 percent” and inserting “75 per-*
 21 *cent”;*

22 (iv) *in subparagraph (E)—*

23 (I) *by striking “for ‘98 percent’;*
 24 *and inserting “for ‘95 percent’;”;*

1 (II) by striking “for ‘88 percent;”
2 and inserting “for ‘85 percent;”; and

3 (III) by striking “for ‘78 per-
4 cent’.” and inserting “for ‘75 per-
5 cent’.”;

6 (v) in subparagraph (F)—

7 (I) by striking “for ‘98 percent;”
8 and inserting “for ‘95 percent;”;

9 (II) by striking “for ‘88 percent;”
10 and inserting “for ‘85 percent;”; and

11 (III) by striking “for ‘78 per-
12 cent’.” and inserting “for ‘75 per-
13 cent’.”;

14 (vi) by striking subparagraph (D) and
15 redesignating subparagraphs (E) and (F)
16 as subparagraphs (D) and (E), respectively.

17 (B) *EFFECTIVE DATE.*—The amendments
18 made by subparagraph (A) of this paragraph
19 apply to loans for which the first disbursement
20 is made on or after October 1, 1998.

21 (2) *EQUITABLE SHARE.*—Section 428(c)(6) is
22 amended—

23 (A) in subparagraph (A)—

24 (i) by striking “(A) For the purpose”
25 and inserting “For the purpose”; and

1 (ii) by striking clause (ii) and insert-
2 ing the following:

3 “(ii) an amount equal to 24 percent of such
4 payments for use in accordance with section
5 422B.”;

6 (B) by striking subparagraphs (B) and (C);
7 and

8 (C) by redesignating clauses (i) and (ii) as
9 subparagraphs (A) and (B).

10 (3) *GUARANTY AGENCY RESERVE LEVEL.*—*Sec-*
11 *tion 428(c)(9)(C) is amended—*

12 (A) by striking “80 percent pursuant to sec-
13 tion 428(c)(1)(B)(ii)” and inserting “85 percent
14 pursuant to paragraph (1)(B)(i) of this sub-
15 section”; and

16 (B) by striking “30 working days” and in-
17 serting “45 working days”.

18 (4) *PAYMENT OF CERTAIN COSTS.*—*Section*
19 *428(f) is amended—*

20 (A) by striking paragraph (1)(A) and in-
21 serting the following:

22 “(1) *PAYMENT FOR CERTAIN ACTIVITIES.*—(A)
23 *The Secretary shall, in accordance with the provisions*
24 *of this paragraph, pay to each guaranty agency for*
25 *each fiscal year a loan processing and issuance fee*

1 *equal to 0.65 percent of the total principal amount of*
 2 *the loans on which insurance was issued under this*
 3 *part during such fiscal year by such agency.”; and*

4 *(B) in paragraph (1)(B), by striking the*
 5 *first sentence and inserting the following: “The*
 6 *payment required by subparagraph (A) shall be*
 7 *paid on a quarterly basis.”.*

8 (5) *DEFAULT AVERSION ASSISTANCE.*—*Section*
 9 *428(l) is amended to read as follows:*

10 “(1) *DEFAULT AVERSION ASSISTANCE.*—

11 “(1) *ASSISTANCE REQUIRED.*—*Upon receipt of a*
 12 *proper request from a lender received not earlier than*
 13 *the 60th day of delinquency, a guaranty agency hav-*
 14 *ing an agreement with the Secretary under subsection*
 15 *(c) of this section shall engage in default aversion ac-*
 16 *tivities designed to prevent the default by a borrower*
 17 *on a loan covered by such agreement.*

18 “(2) *REIMBURSEMENT.*—*(A) A guaranty agency*
 19 *may, in accordance with the provisions of this para-*
 20 *graph, transfer from the Federal Student Loan Re-*
 21 *serve Account to the Operating Account a default*
 22 *aversion fee. Such fee shall be paid for any loan on*
 23 *which a claim for default has not been presented that*
 24 *the guaranty agency successfully brings into current*

1 *repayment status on or before the 210th day after the*
2 *loan becomes 60 days delinquent.*

3 *“(B) The default aversion fee shall be equal to 1*
4 *percent of the total unpaid principal and accrued in-*
5 *terest on the loan at the time the request is submitted*
6 *by the lender. Such fee shall not be paid more than*
7 *once on any loan for which the guaranty agency*
8 *averts the default unless the borrower remained cur-*
9 *rent in payments for at least 12 months prior to the*
10 *subsequent delinquency. A guaranty agency may*
11 *transfer such fees earned under this subsection no*
12 *more frequently than monthly.*

13 *“(C) For the purpose of earning the default aver-*
14 *sion fee, the term ‘current repayment status’ means*
15 *that the borrower is not delinquent in the payment of*
16 *any principal or interest on the loan.”.*

17 **SEC. 414. SCOPE AND DURATION OF PROGRAM.**

18 *Section 424(a) (20 U.S.C. 1074(a)) is amended—*

19 *(1) by striking “October 1, 2002” and inserting*
20 *“October 1, 2004”; and*

21 *(2) by striking “September 30, 2006” and insert-*
22 *ing “September 30, 2008”.*

1 **SEC. 415. LIMITATIONS ON INDIVIDUAL FEDERALLY IN-**
 2 **SURED LOANS AND FEDERAL LOAN INSUR-**
 3 **ANCE.**

4 *Section 425(a)(1)(A) (20 U.S.C. 1075(a)(1)(A)) is*
 5 *amended—*

6 *(1) in clause (i)—*

7 *(A) by inserting “and” after the semicolon*
 8 *at the end of subclause (I); and*

9 *(B) by striking subclauses (II) and (III)*
 10 *and inserting the following:*

11 *“(II) if such student is enrolled in a*
 12 *program of undergraduate education which*
 13 *is less than one academic year, the maxi-*
 14 *mum annual loan amount that such student*
 15 *may receive may not exceed the amount*
 16 *that bears the same ratio to the amount*
 17 *specified in subclause (I) as the length of*
 18 *such program measured in semester, tri-*
 19 *mester, quarter, or clock hours bears to one*
 20 *academic year;”;* and

21 *(2) by inserting “and” after the semicolon at the*
 22 *end of clause (iii).*

23 **SEC. 416. APPLICABLE INTEREST RATES.**

24 *(a) APPLICABLE INTEREST RATES.—*

25 *(1) AMENDMENT.—Section 427A (20 U.S.C.*
 26 *1077a) is amended to read as follows:*

1 **“SEC. 427A. APPLICABLE INTEREST RATES.**

2 “(a) *INTEREST RATES FOR NEW LOANS ON OR AFTER*
3 *JULY 1, 1998.—*

4 “(1) *IN GENERAL.—Subject to paragraph (2),*
5 *with respect to any loan made, insured, or guaranteed*
6 *under this part (other than a loan made pursuant to*
7 *section 428B or 428C) for which the first disburse-*
8 *ment is made on or after July 1, 1998, the applicable*
9 *rate of interest shall, during any 12-month period be-*
10 *ginning on July 1 and ending on June 30, be deter-*
11 *mined on the preceding June 1 and be equal to—*

12 “(A) *the bond equivalent rate of 91-day*
13 *Treasury bills auctioned at the final auction held*
14 *prior to such June 1; plus*

15 “(B) *2.3 percent,*
16 *except that such rate shall not exceed 8.25 percent.*

17 “(2) *IN SCHOOL AND GRACE PERIOD RULES.—*
18 *With respect to any loan under this part (other than*
19 *a loan made pursuant to section 428B or 428C) for*
20 *which the first disbursement is made on or after July*
21 *1, 1998, the applicable rate of interest for interest*
22 *which accrues—*

23 “(A) *prior to the beginning of the repay-*
24 *ment period of the loan; or*

25 “(B) *during the period in which principal*
26 *need not be paid (whether or not such principal*

1 is in fact paid) by reason of a provision de-
 2 scribed in section 428(b)(1)(M) or 427(a)(2)(C),
 3 shall be determined under paragraph (1) by substitut-
 4 ing ‘1.7 percent’ for ‘2.3 percent’.

5 “(3) *PLUS LOANS*.—With respect to any loan
 6 under section 428B for which the first disbursement
 7 is made on or after July 1, 1998, the applicable rate
 8 of interest shall be determined under paragraph (1)—

9 “(A) by substituting ‘3.1 percent’ for ‘2.3
 10 percent’; and

11 “(B) by substituting ‘9.0 percent’ for ‘8.25
 12 percent’.

13 “(b) *LESSER RATES PERMITTED*.—Nothing in this
 14 section or section 428C shall be construed to prohibit a lend-
 15 er from charging a borrower interest at a rate less than
 16 the rate which is applicable under this part.

17 “(c) *CONSULTATION*.—The Secretary shall determine
 18 the applicable rate of interest under this section after con-
 19 sultation with the Secretary of the Treasury and shall pub-
 20 lish such rate in the *Federal Register* as soon as practicable
 21 after the date of determination.”.

22 (2) *CONFORMING AMENDMENT*.—Section
 23 428B(d)(4) (20 U.S.C. 1078–2(d)(4)) is amended by
 24 striking “section 427A(c)” and inserting “section
 25 427A(a)(3)”.

1 **(b) SPECIAL ALLOWANCES.—**

2 **(1) AMENDMENT.—***Section 438(b)(2)(F) (20*
 3 *U.S.C. 1087–1(b)(2)(F)) is amended to read as fol-*
 4 *lows:*

5 **“(F) LOANS DISBURSED AFTER JULY 1, 1998.—**

6 **“(i) IN GENERAL.—***Subject to paragraph*
 7 *(4) and clauses (ii), (iii), and (iv) of this sub-*
 8 *paragraph, the special allowance paid pursuant*
 9 *to this subsection on loans for which the first dis-*
 10 *bursement is made on or after July 1, 1998,*
 11 *shall be computed—*

12 **“(I) by determining the average of the**
 13 *bond equivalent rates of 91-day Treasury*
 14 *bills auctioned for such 3-month period;*

15 **“(II) by subtracting the applicable in-**
 16 *terest rates on such loans from such average*
 17 *bond equivalent rate;*

18 **“(III) by adding 2.8 percent to the re-**
 19 *sultant percent; and*

20 **“(IV) by dividing the resultant percent**
 21 *by 4.*

22 **“(ii) IN SCHOOL AND GRACE PERIOD.—***In*
 23 *the case of any loan for which the first disburse-*
 24 *ment is made on or after July 1, 1998, and for*
 25 *which the applicable rate of interest is described*

1 *in section 427A(a)(2), clause (i)(III) of this sub-*
 2 *paragraph shall be applied by substituting ‘2.2*
 3 *percent’ for ‘2.8 percent’.*

4 “(iii) *PLUS LOANS.—In the case of any*
 5 *loan for which the first disbursement is made on*
 6 *or after July 1, 1998, and for which the applica-*
 7 *ble rate of interest is described in section*
 8 *427A(a)(3), clause (i)(III) of this subparagraph*
 9 *shall be applied by substituting ‘3.1 percent’ for*
 10 *‘2.8 percent’, subject to clause (iv) of this sub-*
 11 *paragraph.*

12 “(iv) *LIMITATION ON SPECIAL ALLOWANCES*
 13 *FOR PLUS LOANS.—In the case of loans dis-*
 14 *bursed on or after July 1, 1998, for which the in-*
 15 *terest rate is determined under 427A(a)(3), a*
 16 *special allowance shall not be paid for a loan*
 17 *made under section 428B unless the rate deter-*
 18 *mined for any 12-month period under section*
 19 *427A(a)(3) exceeds 9 percent.”.*

20 (2) *CONFORMING AMENDMENT.—Section*
 21 *438(b)(2)(C)(ii) is amended by striking “In the case”*
 22 *and inserting “Subject to subparagraph (F), in the*
 23 *case”.*

24 (c) *EFFECTIVE DATE.—The amendments made by this*
 25 *section shall apply with respect to any loan made, insured,*

1 *or guaranteed under part B of title IV of the Higher Edu-*
 2 *cation Act of 1965 for which the first disbursement is made*
 3 *on or after July 1, 1998.*

4 **SEC. 417. FEDERALLY GUARANTEED STUDENT LOANS.**

5 *(a) REQUIREMENTS FOR FEDERAL INTEREST SUB-*
 6 *SIDIES.—Section 428(a)(2) (20 U.S.C. 1078(a)(2)) is*
 7 *amended by striking everything preceding subparagraph*
 8 *(D) and inserting the following:*

9 *“(2) ADDITIONAL REQUIREMENTS TO RECEIVE*
 10 *SUBSIDY.—(A) Each student qualifying for a portion*
 11 *of an interest payment under paragraph (1) shall*
 12 *provide to the lender a statement from the eligible in-*
 13 *stitution, at which the student has been accepted for*
 14 *enrollment, or at which the student is in attendance,*
 15 *which certifies the eligibility of the student to receive*
 16 *a loan under this part and the amount of the loan*
 17 *for which such student is eligible.*

18 *“(B) A student shall qualify for a portion of an*
 19 *interest payment under paragraph (1) if the eligible*
 20 *institution has provided the lender with a statement*
 21 *that—*

22 *“(i) at the lender’s request, sets forth such*
 23 *student’s estimated cost of attendance (as deter-*
 24 *mined under section 472);*

1 “(ii) sets forth such student’s estimated fi-
2 nancial assistance; and

3 “(iii) sets forth a schedule for disbursement
4 of the proceeds of the loan in installments, con-
5 sistent with the requirements of section 428G.

6 “(C) For the purpose of clause (ii) of subpara-
7 graph (B), a student shall qualify for a portion of an
8 interest payment under paragraph (1) if the eligible
9 institution has provided the lender with a statement
10 evidencing a determination of need for a loan (as de-
11 termined under part F of this title) and the amount
12 of such need, subject to the provisions of subpara-
13 graph (D).”.

14 (b) DURATION OF AUTHORITY.—Section 428(a)(5) is
15 amended—

16 (1) by striking “September 30, 2002” and insert-
17 ing “September 30, 2004”; and

18 (2) by striking “September 30, 2006” and insert-
19 ing “September 30, 2008”.

20 (c) ANNUAL LOAN LIMITS.—Section 428(b)(1)(A) is
21 amended—

22 (1) in clause (i)—

23 (A) by inserting “and” after the semicolon
24 at the end of subclause (I); and

1 (B) by striking subclauses (II) and (III)
2 and inserting the following:

3 “(II) if such student is enrolled in
4 a program of undergraduate education
5 which is less than one academic year,
6 the maximum annual loan amount
7 that such student may receive may not
8 exceed the amount that bears the same
9 ratio to the amount specified in sub-
10 clause (I) as the length of such pro-
11 gram measured in semester, trimester,
12 quarter, or clock hours bears to one
13 academic year;”; and

14 (2) by inserting “and” after the semicolon at the
15 end of clause (iii).

16 (d) *SELECTION OF REPAYMENT PLANS*.—Section
17 428(b)(1)(D) is amended by striking “and (iii)” and insert-
18 ing the following: “(iii) the student borrower may annually
19 change the selection of a repayment plan under this part,
20 and (iv)”.

21 (e) *COINSURANCE*.—Section 428(b)(1)(G) is amended
22 by striking “not less than”.

23 (f) *DEFERMENTS*.—Section 428(b)(1)(M) is amend-
24 ed—

1 (1) in clause (i)(I), by inserting before the semi-
 2 colon the following: “, except that no borrower, not-
 3 withstanding the provisions of the promissory note,
 4 shall be required to borrow an additional loan under
 5 this title in order to be eligible to receive a deferment
 6 under this clause”; and

7 (2) in clause (ii), by inserting before the semi-
 8 colon the following: “, except that no borrower who
 9 qualifies for unemployment benefits shall be required
 10 to provide any additional paperwork for a deferment
 11 under this clause”.

12 (g) *LIMITATION, SUSPENSION, AND TERMINATION.*—
 13 *Section 428(b)(1)(U) is amended—*

14 (1) by striking “emergency action,,” each place
 15 it appears and inserting “emergency action,”; and

16 (2) by striking “a compliance audit of each lend-
 17 er” and inserting the following: “in the case of any
 18 lender that originates or holds more than \$5,000,000
 19 in loans made under this title during an annual
 20 audit period, a compliance audit of such lender”.

21 (h) *ADDITIONAL INSURANCE PROGRAM REQUIRE-*
 22 *MENTS.*—*Section 428(b)(1) is further amended—*

23 (1) by striking “and” at the end of subpara-
 24 graph (W);

25 (2) in subparagraph (X)—

1 (A) by striking “428(c)(10)” and inserting
2 “428(c)(9)”; and

3 (B) by striking the period at the end and
4 inserting “; and”; and

5 (3) by adding at the end the following new sub-
6 paragraph:

7 “(Y) provides that the lender shall deter-
8 mine the eligibility of a borrower for a deferment
9 described in subparagraph (M)(i) based on re-
10 ceipt of (i) a request for deferment from the bor-
11 rower, (ii) a newly completed loan application
12 that documents the borrower’s eligibility for a
13 deferment, or (iii) student status information re-
14 ceived by the lender that the borrower is enrolled
15 on at least a half-time basis.”.

16 (i) *RESTRICTIONS ON INDUCEMENTS.*—Section
17 428(b)(3) is amended—

18 (1) by striking subparagraph (C) and inserting
19 the following:

20 “(C) conduct unsolicited mailings of student
21 loan application forms to students enrolled in
22 secondary school or a postsecondary institution,
23 or to parents of such students, except that appli-
24 cations may be mailed to students who have pre-

1 *viously received loans guaranteed under this*
 2 *part by the guaranty agency; or”; and*

3 *(2) by adding at the end the following new sen-*
 4 *tence:*

5 *“It shall not be a violation of this paragraph for a*
 6 *guaranty agency to provide assistance to institutions*
 7 *of higher education comparable to the kinds of assist-*
 8 *ance provided to institutions of higher education by*
 9 *the Department of Education.”.*

10 *(j) GUARANTY AGENCY INFORMATION TO ELIGIBLE IN-*
 11 *STITUTIONS.—Section 428(c)(2)(H)(ii) is amended to read*
 12 *as follows:*

13 *“(ii) the guaranty agency shall not re-*
 14 *quire the payment from the institution of*
 15 *any fee for such information; and”.*

16 *(k) FORBEARANCE.—Section 428(c)(3) is amended—*

17 *(1) in subparagraph (A)(i), by striking “writ-*
 18 *ten”;*

19 *(2) in subparagraph (B), by inserting before the*
 20 *semicolon the following: “, including forbearance*
 21 *granted after consideration of a borrower’s total debt*
 22 *burden”; and*

23 *(3) in the last sentence—*

24 *(A) by striking “and (ii)” and inserting*
 25 *“(ii)”;* and

1 (B) by inserting before the period at the end
 2 the following: “, and (iii) forbearance for periods
 3 not to exceed 60 days if the lender reasonably de-
 4 termines that such suspensions are necessary to
 5 research or process information relative to such
 6 loan or to collect appropriate documentation re-
 7 lating to the borrower’s request for a deferment
 8 or forbearance”.

9 (l) *ASSIGNMENT*.—Section 428(c)(8) is amended—

10 (1) by striking “(A)”; and

11 (2) by striking subparagraph (B).

12 (m) *AGENCY TERMINATION*.—Section 428(c)(9) is
 13 amended—

14 (1) in subparagraph (E)—

15 (A) by inserting “or” at the end of clause
 16 (iv);

17 (B) by striking “; or” at the end of clause
 18 (v) and inserting a period; and

19 (C) by striking clause (vi);

20 (2) in subparagraph (F)(vii), by striking “to
 21 avoid disruption” and everything that follows and in-
 22 serting “and to avoid disruption of the student loan
 23 program.”;

24 (3) in subparagraph (I), by inserting “on the
 25 record” after “for a hearing”; and

1 (4) in subparagraph (K)—

2 (A) by striking “and Labor” and inserting
3 “and the Workforce”; and

4 (B) by striking everything after “guaranty
5 agency system” and inserting a period.

6 (n) *LENDER REFERRAL*.—Section 428(e) is amend-
7 ed—

8 (1) in paragraph (1)(B)(ii), by striking “during
9 the transition” and everything that follows through
10 “part D of this title”; and

11 (2) in paragraph (3), by striking “for costs of
12 transition”.

13 (o) *ACTION ON AGREEMENTS*.—Section 428(g) is
14 amended by striking “and Labor” and inserting “and the
15 Workforce”.

16 (p) *LENDERS-OF-LAST RESORT*.—Section 428(j) is
17 amended by striking paragraph (3).

18 (q) *INCOME CONTINGENT REPAYMENT*.—Section
19 428(m) is amended by striking “shall require at least 10
20 percent of the borrowers” and inserting “may require bor-
21 rowers”.

22 (r) *STATE SHARE OF DEFAULT COSTS*.—Subsection
23 (n) of section 428 is repealed.

1 (s) *BLANKET CERTIFICATE OF GUARANTY.*—Section
 2 428 of the Act is amended by adding at the end the follow-
 3 ing new subsection:

4 “(n) *BLANKET CERTIFICATE OF LOAN GUARANTY.*—

5 “(1) *IN GENERAL.*—Any guaranty agency that
 6 has or enters into any insurance program agreement
 7 with the Secretary under this part may—

8 “(A) offer eligible lenders participating in
 9 the agency’s guaranty program blanket certifi-
 10 cates of loan guaranty that permit the lender to
 11 make loans without receiving prior approval
 12 from the guaranty agency of individual loans for
 13 eligible borrowers enrolled in eligible programs
 14 at eligible institutions; and

15 “(B) provide eligible lenders with the abil-
 16 ity to transmit electronically data to the agency
 17 concerning loans the lender has elected to make
 18 under the agency’s insurance program via stand-
 19 ard reporting formats, such reporting to occur at
 20 reasonable, mutually acceptable intervals.

21 “(2) *LIMITATIONS ON BLANKET CERTIFICATE OF*
 22 *GUARANTY.*—A guaranty agency and eligible lender
 23 may establish by mutual agreement limitations or re-
 24 strictions on the number or volume of loans issued by
 25 a lender under the blanket certificate of guaranty.”.

1 **SEC. 418. VOLUNTARY AGREEMENTS WITH GUARANTY**
2 **AGENCIES.**

3 *Part B of title IV is amended by inserting after section*
4 *428 (20 U.S.C. 1078) the following new section:*

5 **“SEC. 428A. VOLUNTARY FLEXIBLE AGREEMENTS WITH**
6 **GUARANTY AGENCIES.**

7 *“(a) VOLUNTARY AGREEMENTS.—*

8 *“(1) AUTHORITY.—Notwithstanding any other*
9 *provision of law, the Secretary may enter into a vol-*
10 *untary, flexible agreement with not more than 6 guar-*
11 *anty agencies under this section, in lieu of agreements*
12 *with a guaranty agency under subsections (b) and (c)*
13 *of section 428, under which the Secretary may waive*
14 *or modify any requirement under this title applicable*
15 *to the responsibilities of the Secretary and a guaranty*
16 *agency.*

17 *“(2) ELIGIBILITY.—Any guaranty agency that*
18 *had one or more agreements with the Secretary under*
19 *subsections (b) and (c) of section 428 as of the day*
20 *before the date of enactment of this section may enter*
21 *into an agreement with the Secretary under this sub-*
22 *section.*

23 *“(b) TERMS OF AGREEMENT.—An agreement between*
24 *the Secretary and a guaranty agency under this section—*

25 *“(1) shall be developed by the Secretary, in con-*
26 *sultation with the guaranty agency;*

1 “(2) shall be for a period not to exceed five years,
2 and may be renewed upon the agreement of the par-
3 ties;

4 “(3) may include provisions—

5 “(A) specifying the responsibilities of the
6 guaranty agency under the agreement, such as—

7 “(i) administering the issuance of in-
8 surance on loans made under this part on
9 behalf of the Secretary;

10 “(ii) monitoring insurance commit-
11 ments made under this part;

12 “(iii) default prevention activities;

13 “(iv) review of default claims made by
14 lenders;

15 “(v) payment of default claims;

16 “(vi) collection of defaulted loans;

17 “(vii) adoption of internal systems of
18 accounting and auditing that are acceptable
19 to the Secretary, and reporting the result
20 thereof to the Secretary on a timely, accu-
21 rate, and auditable basis;

22 “(viii) timely and accurate collection
23 and reporting of such other data as the Sec-
24 retary may require to carry out the pur-
25 poses of the programs under this title;

1 “(ix) monitoring of institutions and
2 lenders participating in the program under
3 this part; and

4 “(x) the performance of other program
5 functions by the guaranty agency.

6 “(B) regarding the fees the Secretary shall
7 pay, in lieu of revenues that the guaranty agen-
8 cy may otherwise receive under this part, to the
9 guaranty agency under the agreement, and other
10 funds that the guaranty agency may receive or
11 retain under the agreement, except that in no
12 case may the cost to the Secretary of the agree-
13 ment, as reasonably projected by the Secretary,
14 exceed the cost to the Secretary, as similarly pro-
15 jected, in the absence of the agreement;

16 “(C) regarding the use of net revenues, as
17 described in the agreement under this section, for
18 such other activities in support of postsecondary
19 education as may be agreed to by the Secretary
20 and the guaranty agency;

21 “(D) regarding the standards by which the
22 guaranty agency’s performance of its responsibil-
23 ities under the agreement will be assessed, and
24 the consequences for a guaranty agency’s failure

1 *to achieve a specified level of performance on 1*
2 *or more performance standards;*

3 “(E) *regarding the circumstances in which*
4 *a guaranty agency’s agreement under this sec-*
5 *tion may be ended in advance of its expiration*
6 *date;*

7 “(F) *regarding such other businesses, pre-*
8 *viously purchased or developed with reserve*
9 *funds, that relate to the program under this part*
10 *and in which the Secretary permits the guaranty*
11 *agency to engage; and*

12 “(G) *such other provisions as the Secretary*
13 *may determine to be necessary to protect the*
14 *United States from the risk of unreasonable loss*
15 *and to promote the purposes of this part; and*

16 “(4) *shall provide for uniform lender participa-*
17 *tion with the guaranty agency under the terms of the*
18 *agreement.*

19 “(c) *TERMINATION.—At the expiration or early termi-*
20 *nation of an agreement under this section, the Secretary*
21 *shall reinstate the guaranty agency’s prior agreements*
22 *under subsections (b) and (c) of section 428, subject only*
23 *to such additional requirements as the Secretary determines*
24 *to be necessary in order to ensure the efficient transfer of*
25 *responsibilities between the agreement under this section*

1 *and the agreements under subsections (b) and (c) of section*
 2 *428, including the guaranty agency's compliance with re-*
 3 *serve requirements under sections 422 and 428.”.*

4 **SEC. 419. FEDERAL CONSOLIDATION LOANS.**

5 *(a) AGREEMENTS WITH LENDERS.—Section 428C(a)*
 6 *(20 U.S.C. 1078–3(a)) is amended—*

7 *(1) by striking subclause (II) of paragraph*
 8 *(3)(B)(i) and inserting the following:*

9 *“(II) that loans received during the 180-day*
 10 *period following the making of the consolidation*
 11 *loan may be added to the consolidation loan.”;*
 12 *and*

13 *(2) by striking subparagraph (C) of paragraph*
 14 *(4) and inserting the following:*

15 *“(C) made under part D of this title;”.*

16 *(b) CONTENTS OF AGREEMENTS.—Section 428C(b) is*
 17 *amended—*

18 *(1) in paragraph (1)(A), by striking “under this*
 19 *section and (i)” and everything that follows and in-*
 20 *serting “under this section;”;*

21 *(2) in paragraph (4)(C)(ii)—*

22 *(A) by redesignating subclause (III) as sub-*
 23 *clause (IV);*

24 *(B) by inserting after subclause (II) the fol-*
 25 *lowing new clause:*

1 “(III) by the Secretary, in the case of
2 a consolidation loan for which the applica-
3 tion is received by an eligible lender on or
4 after October 1, 1998, except that the Sec-
5 retary shall pay such interest only on that
6 portion of the loan that repays Federal
7 Stafford Loans for which the student bor-
8 rower received an interest subsidy under
9 section 428 or Federal Direct Stafford
10 Loans for which the borrower received an
11 interest subsidy under section 455; or”; and
12 (C) in subclause (IV) (as redesignated), by
13 striking “subclause (I) or (II)” and inserting
14 “subclause (I), (II), or (III)”; and
15 (3) in paragraph (6)(A), by inserting before the
16 semicolon at the end the following: “except that (i) a
17 lender is not required to consolidate loans described
18 in subparagraph (D) or (E) of subsection (a)(4); and
19 (ii) a lender is not prohibited from establishing a
20 minimum loan balance for which it will process a
21 consolidation loan application”.
22 (c) *EXTENSION OF AUTHORITY*.—Section 428C(e) is
23 amended by striking “September 30, 2002” and inserting
24 “September 30, 2004”.

1 **SEC. 420. DISBURSEMENT.**

2 (a) *REQUIREMENTS.*—Section 428G(a)(1) (20 U.S.C.
3 1078–7(a)(1)) is amended by inserting “greater than one
4 semester, one trimester, one quarter, or four months” after
5 “period of enrollment”.

6 (b) *DISBURSEMENT.*—Section 428G(b)(1) is amended
7 by adding at the end the following new sentence: “An insti-
8 tution whose cohort default rate (as determined under sec-
9 tion 435(a)) for each of the three most recent fiscal years
10 for which data are available is less than 10 percent shall
11 be exempt from the requirements of this paragraph.”.

12 (c) *WITHHOLDING OF SECOND DISBURSEMENT.*—Sec-
13 tion 428G(d)(2) is amended by inserting “by more than
14 \$300” after “under this title”.

15 **SEC. 421. UNSUBSIDIZED STAFFORD LOANS.**

16 (a) *ELIGIBLE BORROWERS.*—Section 428H(b) (20
17 U.S.C. 1078–8(b)) is amended by striking “which—” and
18 everything that follows and inserting the following:

19 “which certifies the eligibility of the student to receive a
20 loan under this part and the amount of the loan for which
21 such student is eligible. A student shall qualify for a loan
22 if the eligible institution has provided the lender with a
23 statement that—

24 “(1) at the lender’s request, sets forth such stu-
25 dent’s estimated cost of attendance (as determined
26 under section 472);

1 “(2) sets forth such student’s estimated financial
 2 assistance, including a loan which qualifies for sub-
 3 sidy payments under section 428; and

4 “(3) sets forth a schedule for disbursement of the
 5 proceeds of the loan in installments, consistent with
 6 the requirements of section 428G.”.

7 (b) *LOAN LIMITS*.—Section 428H(d)(2)(A) is amend-
 8 ed—

9 (1) by inserting “and” after the semicolon at the
 10 end of clause (i); and

11 (2) by striking clauses (ii) and (iii) and insert-
 12 ing the following:

13 “(ii) if such student is enrolled in a
 14 program of undergraduate education which
 15 is less than one academic year, the maxi-
 16 mum annual loan amount that such student
 17 may receive may not exceed the amount
 18 that bears the same ratio to the amount
 19 specified in clause (i) as the length of such
 20 program measured in semester, trimester,
 21 quarter, or clock hours bears to one aca-
 22 demic year;”.

23 (c) *QUALIFICATION*.—Section 428H(e) is amended by
 24 adding at the end the following new paragraph:

1 “(7) *QUALIFICATION FOR FORBEARANCE,*
 2 *DEFERMENT, AND INCOME-SENSITIVE REPAYMENT.—A*
 3 *borrower of a loan made under this section may qual-*
 4 *ify for a forbearance or deferment, or an income-sen-*
 5 *sitive repayment plan for which the borrower is eligi-*
 6 *ble, immediately upon receipt by the lender or holder*
 7 *of a request from the borrower. Any necessary sup-*
 8 *porting documentation shall be secured by the lender*
 9 *or holder within 30 days of the request in order to*
 10 *continue the forbearance, deferment, or income-sen-*
 11 *sitive repayment plan.”.*

12 *(d) REPEAL.—Section 428H(f) is repealed.*

13 **SEC. 422. REPEAL OF LOAN FORGIVENESS.**

14 *Section 428J (20 U.S.C. 1078–10) is repealed.*

15 **SEC. 423. LEGAL POWERS AND RESPONSIBILITIES.**

16 *(a) GENERAL POWERS.—Section 432(a)(2) (20 U.S.C.*
 17 *1082(a)(2)) is amended by inserting “except that this sec-*
 18 *tion shall not be deemed to limit court review under chapter*
 19 *7 of title 5, United States Code” after “Secretary’s control”.*

20 *(b) AUDIT OF FINANCIAL TRANSACTIONS.—Section*
 21 *432(f)(1) is amended—*

22 *(1) in subparagraph (B), by striking “section*
 23 *435(d)(1) (D), (F), or (H);” and inserting “section*
 24 *435(d)(1); and”;*

25 *(2) in subparagraph (C)—*

1 (A) by striking “and Labor” and inserting
2 “and the Workforce”; and

3 (B) by striking “; and” and inserting a pe-
4 riod; and

5 (3) by striking subparagraph (D).

6 (c) *PROGRAM OF ASSISTANCE*.—Section 432(k)(3) is
7 amended by striking “Within 1 year” and everything that
8 follows through “1992, the” and inserting “The”.

9 (d) *COMMON FORMS AND FORMATS*.—Section 432(m)
10 is amended—

11 (1) in paragraph (1)(A), by striking “The Sec-
12 retary” and inserting “Subject to paragraph (2), the
13 Secretary”;

14 (2) by striking subparagraph (C) of paragraph
15 (1);

16 (3) in subparagraph (D), by striking “Nothing”
17 and inserting “Subject to paragraph (2), nothing”;

18 (4) by redesignating subparagraph (D) of such
19 paragraph as subparagraph (C);

20 (5) by redesignating paragraphs (2) and (3) as
21 paragraphs (3) and (4), respectively;

22 (6) by inserting after paragraph (1) the follow-
23 ing new paragraph:

24 “(2) *FREE APPLICATION FOR FEDERAL STUDENT*
25 *AID*.—For academic year 1999–2000 and thereafter,

1 *the Secretary shall prescribe the Free Application for*
2 *Federal Student Aid as the application form under*
3 *this part (other than sections 428B and 428C).”; and*
4 *(7) by adding at the end the following new para-*
5 *graph:*

6 “(5) *MASTER PROMISSORY NOTE.*—

7 “(A) *DEVELOPMENT AND APPROVAL.*—*With-*
8 *in 180 days of enactment of this Act, the Sec-*
9 *retary, in cooperation with representatives of*
10 *guaranty agencies, eligible lenders, institutions,*
11 *students, and organizations involved in student*
12 *financial assistance, shall develop and approve a*
13 *master promissory note that will allow for a*
14 *multiyear line of credit. Such note shall address*
15 *the needs of participants in the programs under*
16 *this part. The Secretary shall also develop and*
17 *approve a corresponding master promissory note*
18 *for use under part D of this title that addresses*
19 *the needs of participants in the programs under*
20 *such part.*

21 “(B) *SALE AND ASSIGNMENT; ENFORCE-*
22 *MENT.*—*Notwithstanding the preceding provi-*
23 *sions of this section, each loan made under a*
24 *master promissory note providing for a line of*
25 *credit may be sold and assigned independently of*

1 *any other loan made under the same promissory*
 2 *note, and each such loan shall be separately en-*
 3 *forceable in all State and Federal courts on the*
 4 *basis of an original or copy of the master prom-*
 5 *issory note with its terms.”.*

6 (e) *DEFAULT REDUCTION MANAGEMENT.*—Section
 7 432(n) is amended—

8 (1) in paragraph (1), by striking “1993” and in-
 9 serting “1999”; and

10 (2) in paragraph (3), by striking “and Labor”
 11 and inserting “and the Workforce”.

12 (f) *REPORTING REQUIREMENT.*—Section 432(p) is
 13 amended by striking “State postsecondary reviewing enti-
 14 ties designated under subpart 1 of part H,”.

15 **SEC. 424. STUDENT LOAN INFORMATION.**

16 Section 433 (20 U.S.C. 1083) is amended—

17 (1) in the first sentence of subsection (a), by in-
 18 serting “in simple and understandable terms” after
 19 “to the borrower”; and

20 (2) in the first sentence of subsection (b), by in-
 21 serting “in simple and understandable terms” after
 22 “under this subsection”.

23 **SEC. 425. DEFINITIONS.**

24 (a) *COHORT DEFAULT RATE.*—Section 435(a) (20
 25 U.S.C. 1085(a)) is amended—

- 1 (1) in subparagraph (A) of paragraph (2)—
2 (A) by striking “or” at the end of clause (i);
3 and
4 (B) by striking clause (ii) and inserting the
5 following:
6 “(ii) there are exceptional mitigating cir-
7 cumstances within the meaning of paragraph
8 (4); or
9 “(iii) there are, in the judgment of the Sec-
10 retary, other exceptional mitigating cir-
11 cumstances that would make the application of
12 this paragraph inequitable.”;
13 (2) in subparagraph (C) of paragraph (2), by
14 striking “July 1, 1998,” and inserting “July 1,
15 1999,”;
16 (3) in paragraph (3), by inserting “or, at the re-
17 quest of the institution, a complete copy of the records
18 for loans made under this part or of the direct loan
19 servicer for loans made under part D” after “and
20 loan servicers”; and
21 (4) by adding at the end the following new para-
22 graphs:
23 “(4) DEFINITION OF MITIGATING CIR-
24 CUMSTANCES.—For purposes of paragraph (2), an in-
25 stitution shall be treated as having exceptional miti-

1 *gating circumstances that make application of that*
2 *paragraph inequitable if such institution is certified*
3 *by a certified public accountant to meet each of the*
4 *following criteria:*

5 *“(A) at least two-thirds of the students en-*
6 *rolled on at least a half-time basis at the institu-*
7 *tion—*

8 *“(i) are eligible to receive a Federal*
9 *Pell Grant award that is at least equal to*
10 *one-half the maximum Federal Pell Grant*
11 *award for which the student would be eligi-*
12 *ble based on his or her enrollment status; or*

13 *“(ii) have an adjusted gross income of*
14 *the student, and his or her parents (unless*
15 *the student is an independent student), of*
16 *less than the poverty level, as determined*
17 *under criteria established by the Depart-*
18 *ment of Health and Human Services;*

19 *“(B) at least two-thirds of the students en-*
20 *rolled on a full-time basis at the institution in*
21 *any 12-month period ending not more than six*
22 *months prior to the date the institution submits*
23 *its appeal, and who remain enrolled beyond the*
24 *point at which the student would be entitled to*
25 *a tuition refund of 100 percent—*

1 “(i) complete the educational program
2 in which they are enrolled within the time
3 normally required to complete that pro-
4 gram, as specified in the institution’s en-
5 rollment contract, catalog, or other mate-
6 rials; or

7 “(ii) continue to be enrolled and are
8 making satisfactory academic progress to-
9 ward completion of their program; or

10 “(iii) have entered active duty in the
11 armed forces of the United States; and

12 “(C) at least two-thirds of the students en-
13 rolled on a full-time basis at the institution who
14 complete the educational program in which they
15 are enrolled within any 12-month period ending
16 not more than six months prior to the date the
17 institution submits its appeal are placed for at
18 least 13 weeks in an employment position for
19 which they have been trained, or are enrolled for
20 at least 13 weeks in higher level education pro-
21 gram for which the educational program of the
22 institution provided substantial preparation, or
23 have entered active duty in the armed forces of
24 the United States.

1 “(5) *REDUCTION OF DEFAULT RATES AT CER-*
2 *TAIN MINORITY INSTITUTIONS.—*

3 “(A) *BENEFICIARIES OF EXCEPTION RE-*
4 *QUIRED TO ESTABLISH MANAGEMENT PLAN.—*

5 *After July 1, 1998, any institution that has a*
6 *cohort default rate that equals or exceeds 25 per-*
7 *cent for each of the three most recent fiscal years*
8 *for which data are available and that relies on*
9 *the exception in paragraph (2)(C) of this sub-*
10 *section to continue to be an eligible institution*
11 *shall—*

12 “(i) *submit to the Secretary a default*
13 *management plan which the Secretary, in*
14 *his discretion, after consideration of the in-*
15 *stitution’s history, resources, dollars in de-*
16 *fault, and targets for default reduction, de-*
17 *termines is acceptable and provides reason-*
18 *able assurance that the institution will, by*
19 *July 1, 2001, have a cohort default rate that*
20 *is less than 25 percent;*

21 “(ii) *engage an independent third*
22 *party (which may be paid with funds re-*
23 *ceived under part B of title III) to provide*
24 *technical assistance in implementing such*
25 *default management plan; and*

1 “(iii) provide to the Secretary, on an
 2 annual basis or at such other intervals as
 3 the Secretary may require, evidence of co-
 4 hort default rate improvement and success-
 5 ful implementation of such default manage-
 6 ment plan.

7 “(B) *DISCRETIONARY ELIGIBILITY CONDI-*
 8 *TIONED ON IMPROVEMENT.*—Notwithstanding the
 9 expiration of the exception in paragraph (2)(C),
 10 the Secretary may, in his discretion, continue to
 11 treat an institution described in subparagraph
 12 (A) of this paragraph as an eligible institution
 13 for each of the one-year periods beginning on
 14 July 1, 1999, and July 1, 2000, only if the insti-
 15 tution submits by the beginning of such period
 16 evidence satisfactory to the Secretary that—

17 “(i) such institution has complied and
 18 is continuing to comply with the require-
 19 ments of subparagraph (A); and

20 “(ii) such institution has made sub-
 21 stantial improvement, during each of the
 22 preceding one-year periods, in its cohort de-
 23 fault rate.

24 “(6) *SPECIAL RULE BASED ON PARTICIPATION*
 25 *RATE INDICES.*—(A) *An institution that demonstrates*

1 to the Secretary that its participation rate index (as
 2 defined in regulations in effect on July 1, 1996) is
 3 equal to or less than .0375 for any of the three most
 4 recent fiscal years for which data are available shall
 5 not be subject to paragraph (2).

6 “(B) An institution shall provide the Secretary
 7 with sufficient data to determine its participation
 8 rate index within 30 days after receiving an initial
 9 notification of its draft cohort default rate.

10 “(C) Prior to publication of a final cohort de-
 11 fault rate for an institution that provides the data
 12 under subparagraph (B), the Secretary shall notify
 13 the institution of its compliance or noncompliance
 14 with subparagraph (A).”.

15 (b) *ELIGIBLE LENDER*.—Section 435(d) is amended—

16 (1) in paragraph (1)(A)(ii)—

17 (A) by striking “or” at the end of subclause
 18 (I); and

19 (B) by inserting before the semicolon at the
 20 end of subclause (II) the following: “, or (III) it
 21 is a bank that is a wholly owned subsidiary of
 22 a nonprofit foundation, the foundation is de-
 23 scribed in section 501(c)(3) of the Internal Reve-
 24 nue Code of 1986 and exempt from taxation
 25 under section 501(a) of such Code and has been

1 *participating in the program authorized by this*
2 *part for three years as of the date of enactment*
3 *of the Higher Education Amendments of 1998*
4 *and only makes loans to undergraduate students*
5 *who are 22 years of age or younger and has a*
6 *portfolio of not more than \$10,000,000; and in*
7 *determining whether the making or holding of*
8 *loans to students and parents under this part is*
9 *the primary consumer credit function of the eli-*
10 *gible lender, all loans (including student loans*
11 *and other consumer loans) made or held as trust-*
12 *ee or in a trust capacity for the benefit of a third*
13 *party shall be considered”;*

14 *(2) in paragraph (1)—*

15 *(A) by striking “and” at the end of sub-*
16 *paragraph (I);*

17 *(B) by striking the period at the end of sub-*
18 *paragraph (J) and inserting “; and”; and*

19 *(C) by adding at the end the following new*
20 *subparagraph:*

21 *“(K) a wholly owned subsidiary of a pub-*
22 *licly held holding company which, for the three*
23 *years preceding the date of enactment of this*
24 *subparagraph, through one or more subsidiaries*
25 *(i) acts as a finance company, and (ii) partici-*

1 pates in the program authorized by this part
2 pursuant to subparagraph (C).”; and

3 (3) in paragraph (5), by adding at the end the
4 following new sentence:

5 *“It shall not be a violation of this paragraph for a*
6 *lender to provide assistance to institutions of higher*
7 *education comparable to the kinds of assistance pro-*
8 *vided to institutions of higher education by the De-*
9 *partment of Education.”.*

10 (c) *LINE OF CREDIT.*—Section 435(e) is amended to
11 read as follows:

12 “(e) *LINE OF CREDIT.*—The term ‘line of credit’ means
13 an agreement between the lender and the borrower pursuant
14 to a master promissory note under which the lender may
15 make and disburse, in addition to the initial loan, addi-
16 tional loans in subsequent years.”.

17 **SEC. 426. DISCHARGE.**

18 (a) *DOCUMENTATION.*—Section 437(a) (20 U.S.C.
19 1087(a)) is amended by adding at the end the following:
20 “A certification of permanent and total disability from a
21 Veteran’s Hospital shall be acceptable documentation for
22 discharge under this subsection.”.

23 (b) *DISCHARGE.*—Section 437(c)(1) is amended—

24 (1) by inserting after “falsely certified by the eli-
25 gible institution,” the following: “or if the institution

1 *failed to make a refund of loan proceeds which it*
 2 *owed to such student's lender,"; and*

3 *(2) by adding at the end the following new sen-*
 4 *tences: "In the case of a discharge based upon a fail-*
 5 *ure to refund, the amount of the discharge shall not*
 6 *exceed that portion of the loan which should have been*
 7 *refunded. The Secretary shall report to the Committee*
 8 *on Education and the Workforce of the House of Rep-*
 9 *resentatives and the Committee on Labor and Human*
 10 *Resources of the Senate annually as to the dollar*
 11 *amount of loan discharges attributable to failures to*
 12 *make refunds.".*

13 **SEC. 427. CANCELLATION OF LOANS FOR CERTAIN PUBLIC**
 14 **SERVICE.**

15 *Section 437 is further amended—*

16 *(1) in the section heading, by striking out the pe-*
 17 *riod at the end thereof and inserting in lieu thereof*
 18 *a semicolon and "LOAN FORGIVENESS FOR*
 19 ***TEACHING.****";*

20 *(2) by amending the heading for subsection (c)*
 21 *to read as follows: "DISCHARGE RELATED TO SCHOOL*
 22 ***CLOSURE OR FALSE CERTIFICATION.—****"; and*

23 *(3) by adding at the end thereof the following*
 24 *new subsection:*

25 ***"(e) CANCELLATION OF LOANS FOR TEACHING.—***

1 “(1) *FUNCTIONS OF SECRETARY.*—*The Secretary*
2 *shall discharge the liability of a borrower of a quali-*
3 *fying loan by repaying the amount owed on the loan,*
4 *to the extent specified in paragraph (4), for service*
5 *described in paragraph (3).*

6 “(2) *QUALIFYING LOANS.*—

7 “(A) *IN GENERAL.*—*For purposes of this*
8 *subsection, a loan is a qualifying loan if—*

9 “(i) *the loan was made under section*
10 *428 on or after the date of enactment of the*
11 *Higher Education Amendments of 1998 to a*
12 *borrower who, on the date of entering into*
13 *the note or other written evidence of the*
14 *loan, had no outstanding balance of prin-*
15 *cipal or interest on any loan made before*
16 *such date; and*

17 “(ii) *the loan was obtained to cover the*
18 *cost of instruction for an academic year*
19 *after the first and second year of under-*
20 *graduate education.*

21 “(B) *LIMITATION.*—*The Secretary may not*
22 *repay loans described in subparagraph (A) to*
23 *cover the costs of instruction for more than two*
24 *academic years, or three academic years in the*

1 *case of a program of instruction normally re-*
2 *quiring five years.*

3 “(C) *TREATMENT OF CONSOLIDATION*
4 *LOANS.—A loan made under section 428C may*
5 *be a qualifying loan for the purposes of this sub-*
6 *section only to the extent that such loan was*
7 *used to repay a loan or loans that meet the re-*
8 *quirements of subparagraphs (A) and (B), as de-*
9 *termined in accordance with regulations pre-*
10 *scribed by the Secretary.*

11 “(3) *QUALIFYING SERVICE.—A loan shall be dis-*
12 *charged under paragraph (1) for service by the bor-*
13 *rower as a full-time teacher for each complete aca-*
14 *demie year of service, after completion of the second*
15 *academic year of service, in a public or other non-*
16 *profit private elementary or secondary school—*

17 “(A) *which is in the school district of a*
18 *local educational agency which is eligible in such*
19 *year for assistance pursuant to title I of the Ele-*
20 *mentary and Secondary Education Act of 1965;*
21 *and*

22 “(B) *which for the purpose of this para-*
23 *graph and for that year has been determined by*
24 *the State educational agency of the State in*
25 *which the school is located to be a school in*

1 *which the enrollment of children counted under*
 2 *section 1124(c) of the Elementary and Secondary*
 3 *Education Act of 1965 exceeds 30 percent of the*
 4 *total enrollment of that school.*

5 “(4) *RATE OF DISCHARGE.*—(A) *Loans shall be*
 6 *discharged under this subsection at the rate of—*

7 “(i) *30 percent for the first or second com-*
 8 *plete academic year of qualifying service as de-*
 9 *scribed in paragraph (3) (after completion of two*
 10 *years of service); and*

11 “(ii) *40 percent for the third complete year*
 12 *of such qualifying service.*

13 “(B) *The total amount that may be discharged*
 14 *under this subsection for any borrower shall not ex-*
 15 *ceed \$17,750.*

16 “(C) *If a portion of a loan is discharged under*
 17 *subparagraph (A) for any year, the entire amount of*
 18 *interest on that loan that accrues for that year shall*
 19 *also be discharged by the Secretary.*

20 “(D) *Nothing in this section shall be construed*
 21 *to authorize refunding of any repayment of a loan.*

22 “(5) *LIMITATION ON TEACHER ELIGIBILITY.*—

23 “(A) *SECONDARY SCHOOL TEACHERS.*—A
 24 *borrower may not receive assistance under this*
 25 *subsection by virtue of teaching in a secondary*

1 *school unless such borrower majored in the sub-*
 2 *ject area in which they are teaching.*

3 “(B) *ELEMENTARY SCHOOL TEACHERS.*—A
 4 *borrower may not receive assistance under this*
 5 *subsection by virtue of teaching in a elementary*
 6 *school unless such borrower demonstrates, in ac-*
 7 *cordance with State teacher certification or li-*
 8 *censing requirements, subject matter knowledge*
 9 *and teaching skills in reading, writing, mathe-*
 10 *matics, and other subjects taught in elementary*
 11 *schools.*

12 “(6) *RULE OF CONSTRUCTION.*—*The amount of a*
 13 *loan, and interest on a loan, that is canceled under*
 14 *this subsection shall not be considered income for pur-*
 15 *poses of the Internal Revenue Code of 1986.*

16 “(7) *PREVENTION OF DOUBLE BENEFITS.*—No
 17 *borrower may, for the same service, receive a benefit*
 18 *under both this subsection and subtitle D of title I of*
 19 *the National and Community Service Act of 1990 (42*
 20 *U.S.C. 12571 et seq.).*

21 “(8) *METHOD OF PAYMENT.*—*The Secretary shall*
 22 *specify in regulations the manner in which lenders*
 23 *shall be reimbursed for loans made under this part,*
 24 *or portions thereof, that are discharged under this*
 25 *subsection.*

1 “(9) *LIST*.—If the list of schools in which a
 2 teacher may perform service pursuant to paragraph
 3 (3) is not available before May 1 of any year, the Sec-
 4 retary may use the list for the year preceding the year
 5 for which the determination is made to make such
 6 service determination.

7 “(10) *CONTINUING ELIGIBILITY*.—Any teacher
 8 who performs service in a school which—

9 “(A) meets the requirements of paragraph
 10 (3) in any year during such service; and

11 “(B) in a subsequent year fails to meet the
 12 requirements of such subsection,

13 may continue to teach in such school and shall be eli-
 14 gible for loan cancellation pursuant to this subsection
 15 with respect to such subsequent years.”.

16 **SEC. 428. DEBT MANAGEMENT OPTIONS.**

17 Section 437A (20 U.S.C. 1087–O) is repealed.

18 **SEC. 429. SPECIAL ALLOWANCES.**

19 (a) *COMPUTATION*.—Section 438(b)(2) (20 U.S.C.
 20 1087–1(b)(2)) is amended—

21 (1) in subparagraph (A), by striking “(E), and
 22 (F)” and inserting “and (E)”; and

23 (2) in subparagraph (B)(iv), by striking “, (E),
 24 or (F)” and inserting “or (E)”.

25 (b) *ORIGINATION FEES*.—Section 438(c) is amended—

1 (1) in paragraph (2)—

2 (A) by striking “(other than” and inserting
3 “(including loans made under section 428H, but
4 excluding”; and

5 (B) by adding at the end the following new
6 sentence: “Except as provided in paragraph (8),
7 a lender is not authorized to assess an origina-
8 tion fee under this paragraph unless the lender
9 assesses the same fee to all student borrowers.”;
10 and

11 (2) by adding at the end the following new para-
12 graph:

13 “(8) *EXCEPTION.*—Notwithstanding paragraph
14 (2), a lender may assess a lesser origination fee for
15 a borrower demonstrating greater financial need as
16 determined by such borrower’s adjusted gross family
17 income.”.

18 (c) *LENDING FROM PROCEEDS OF TAX EXEMPT OBLI-*
19 *GATIONS.*—Section 438 is amended—

20 (1) by striking subsection (e); and

21 (2) by redesignating subsection (f) as subsection
22 (e).

23 (d) *STUDY.*—Section 438 is amended by adding at the
24 end the following new subsection:

1 “(f) *STUDY.*—The Comptroller General shall conduct
 2 a statistical analysis of the subsidized and unsubsidized
 3 student loan programs under part B to gather data on lend-
 4 ers’ policies on charging origination fees and to determine
 5 if there are any anomalies that would indicate any institu-
 6 tional, programmatic, or socioeconomic discrimination in
 7 the assessing or waiving of such fees. The Comptroller Gen-
 8 eral shall report to the appropriate committees of Congress
 9 within two years after the date of enactment of the Higher
 10 Education Amendments of 1998.”.

11 **PART C—FEDERAL WORK-STUDY PROGRAMS**

12 **SEC. 435. AMENDMENTS TO PART C.**

13 (a) *EXTENSION OF AUTHORITY; DEFINITION.*—

14 (1) *ELIGIBLE STUDENTS.*—Section 441(a) (20
 15 U.S.C. 2751(a)) is amended by inserting after “pro-
 16 fessional students” the following: “, including students
 17 participating in an internship or practicum, or as a
 18 research assistant, as determined by the Secretary,”.

19 (2) *EXTENSION OF AUTHORITY.*—Section 441(b)
 20 is amended by striking “\$800,000,000 for fiscal year
 21 1993” and inserting “\$1,000,000,000 for fiscal year
 22 1999”.

23 (3) *DEFINITION OF COMMUNITY SERVICE.*—Sec-
 24 tion 441(c) is amended by striking “which are” and

1 *inserting “that are performed off-campus or on-campus*
 2 *and that are”.*

3 *(b) ALLOCATION OF FUNDS.—Section 442 (42 U.S.C.*
 4 *2752) is amended—*

5 *(1) by striking subsection (b);*

6 *(2) in subsection (c)(1), by striking “three-quarters*
 7 *of the remainder” and inserting “the remainder”;*

8 *(3) in subsection (c)(2)(A)(i), by striking “sub-*
 9 *section (d)” and inserting “subsection (c)”;*

10 *(4) in subsection (e)(1), by striking “subsection*
 11 *(c)” and inserting “subsection (b)”;* and

12 *(5) by redesignating subsections (c), (d), (e), and*
 13 *(f) as subsections (b), (c), (d), and (e), respectively.*

14 *(c) TUTORING AND LITERACY ACTIVITIES.—*

15 *Section 443 of the Higher Education Act of 1965 (42*
 16 *U.S.C. 2753) is amended—*

17 *(1) in subsection (b)(2)—*

18 *(A) by striking “and” at the end of sub-*
 19 *paragraph (A);*

20 *(B) by redesignating subparagraph (B) as*
 21 *subparagraph (C); and*

22 *(C) by inserting after subparagraph (A) the*
 23 *following new subparagraph:*

24 *“(B) in academic year 1999 and succeeding*
 25 *academic years, an institution shall use at least*

1 2 percent of the total amount of funds granted
 2 to such institution under this section for such
 3 academic year in accordance with subsection (d);
 4 and”; and

5 (2) by adding at the end the following new sub-
 6 section:

7 “(d) *TUTORING AND LITERACY ACTIVITIES.*—

8 “(1) *USE OF FUNDS.*—In any academic year to
 9 which subsection (b)(2)(B) applies, an institution
 10 shall use the amount required to be used in accord-
 11 ance with this subsection to compensate (including
 12 compensation for time spent in directly related train-
 13 ing and travel) students—

14 “(A) employed as a reading tutor for chil-
 15 dren who are in preschool through elementary
 16 school; or

17 “(B) employed in family literacy projects.

18 “(2) *PRIORITY FOR SCHOOLS.*—An institution
 19 shall—

20 “(A) give priority, in using such funds, to
 21 the employment of students in the provision of
 22 tutoring services in schools that—

23 “(i) are identified for school improve-
 24 ment under section 1116(c) of the Elemen-

1 *tary and Secondary Education Act of 1965;*
2 *or*

3 *“(ii) are selected by a local educational*
4 *agency under section 15104(a)(2) of such*
5 *Act; and*

6 *“(B) ensure that any student compensated*
7 *with such funds who is employed in a school se-*
8 *lected under section 15104(a)(2) of the Elemen-*
9 *tary and Secondary Education Act of 1965 is*
10 *trained in the instructional practices based on*
11 *reliable, replicable research on reading used by*
12 *the school pursuant to such section 15104.*

13 *“(3) FEDERAL SHARE.—The Federal share of the*
14 *compensation of work study students compensated*
15 *under this subsection may exceed 75 percent.*

16 *“(4) WAIVER.—The Secretary may waive the re-*
17 *quirements of this subsection if the Secretary deter-*
18 *mines that enforcing such requirements would cause*
19 *a hardship for students at the institution.*

20 *“(5) RETURN OF FUNDS.—Any institution that*
21 *does not use the amount required under this sub-*
22 *section, and that does not request and receive a waiv-*
23 *er from the Secretary under paragraph (4), shall re-*
24 *turn to the Secretary, at such time as the Secretary*
25 *may require for reallocation under paragraph (6),*

1 *any balance of such amount that is not used as so re-*
 2 *quired.*

3 “(6) *REALLOCATION.*—*The Secretary shall*
 4 *reallot any amounts returned pursuant to paragraph*
 5 *(5) among institutions that used at least 4 percent of*
 6 *the total amount of funds granted to such institution*
 7 *under this section to compensate students employed in*
 8 *tutoring and literacy activities in the preceding aca-*
 9 *demie year. Such funds shall be reallocated among such*
 10 *institutions on the same basis as excess eligible*
 11 *amounts are allocated to institutions pursuant to sec-*
 12 *tion 442(c). Funds received by institutions pursuant*
 13 *to this paragraph shall be used in the same manner*
 14 *as amounts required to be used in accordance with*
 15 *this subsection.”.*

16 *(d) GRANT REQUIREMENTS.—*

17 *(1) COMMUNITY SERVICE.—Section 443(b)(2)(A)*
 18 *(42 U.S.C. 2753(b)(2)(A)) is amended—*

19 *(A) by striking “in fiscal year 1994 and*
 20 *succeeding fiscal years,”; and*

21 *(B) by inserting “(including time spent in*
 22 *travel or training, or both, directly related to*
 23 *such community service)” after “community*
 24 *service”.*

1 (2) *USE OF FUNDS FOR INDEPENDENT AND*
 2 *LESS-THAN-FULL-TIME STUDENTS.*—Section 443(b)(3)
 3 (42 U.S.C. 2753(b)(3)) *is amended to read as follows:*

4 “(3) *provide that in the selection of students for*
 5 *employment under such work-study program, only*
 6 *students, who demonstrate financial need in accord-*
 7 *ance with part F of this title, and who meet the re-*
 8 *quirements of section 484 will be assisted, except that*
 9 *if the institution’s grant under this part is directly*
 10 *or indirectly based in part on the financial need dem-*
 11 *onstrated by students who are (A) attending the insti-*
 12 *tution less than full time, or (B) independent stu-*
 13 *dents, then grant funds shall be made available to*
 14 *such less than full-time and independent students;”.*

15 (3) *AVAILABILITY OF EMPLOYMENT.*—Section
 16 443(b)(6) *is amended by striking everything after “in*
 17 *need thereof” and inserting a semicolon.*

18 (4) *ACADEMIC RELEVANCE.*—Section 443(c)(4) *is*
 19 *amended by inserting before the semicolon at the end*
 20 *the following: “, to the maximum extent practicable”.*

21 (e) *FLEXIBLE USE OF FUNDS.*—Section 445(b) (42
 22 U.S.C. 2755(b)) *is amended by adding at the end the follow-*
 23 *ing new paragraph:*

24 “(3) *An eligible institution may, with the permission*
 25 *of a student, make payments to the student under this part*

1 *by crediting the student's account at the institution or by*
 2 *making a direct deposit to the student's account at a deposi-*
 3 *tory institution. An eligible institution may only credit the*
 4 *student's account at the institution for (A) tuition and fees,*
 5 *(B) in the case of institutionally owned housing, room and*
 6 *board, and (C) other institutionally provided goods and*
 7 *services.”.*

8 (f) *JOB LOCATION AND DEVELOPMENT PROGRAMS.—*
 9 *Section 446 (42 U.S.C. 2756) is amended—*

10 (1) *in subsection (a)(1)—*

11 (A) *by striking “\$50,000” and inserting*
 12 *“\$60,000”; and*

13 (B) *by striking “community service jobs, for*
 14 *currently enrolled students” and inserting “com-*
 15 *munity service jobs and cooperative education*
 16 *jobs, for currently enrolled students, including*
 17 *students participating in work-study programs*
 18 *under this part”; and*

19 (2) *in subsection (b)—*

20 (A) *by redesignating paragraphs (4)*
 21 *through (6) as paragraphs (5) through (7); and*

22 (B) *by inserting after paragraph (3) the fol-*
 23 *lowing new paragraph:*

24 “(4) *provide that the institution will notify the*
 25 *Secretary if the institution will use funds under this*

1 *section to develop cooperative education jobs and will*
2 *provide assurances that—*

3 “(A) the funds provided under this para-
4 graph will supplement and not supplant any co-
5 operative education funds available to the insti-
6 tution;

7 “(B) in the case of 2-year programs, funds
8 will be used to develop and expand cooperative
9 education, jobs for associate degree or certificate
10 students only;

11 “(C) the work portion of a cooperative edu-
12 cation job developed or expanded under this
13 paragraph will be related to a student’s aca-
14 demic program; and

15 “(D) the institution will furnish the Sec-
16 retary a report on cooperative education jobs ex-
17 panded and developed under this paragraph, in-
18 cluding—

19 “(i) how the funds were used;

20 “(ii) a list of employers and whether
21 the employer is a for-profit or not-for-profit
22 entity; and

23 “(iii) the employers’ role in the cooper-
24 ative education job.”.

1 (g) *WORK COLLEGES EXTENSION OF AUTHORITY.*—
 2 Section 448(f) (42 U.S.C. 2756b(f)) is amended by striking
 3 “1993” and inserting “1999”.

4 **PART D—WILLIAM D. FORD FEDERAL DIRECT**
 5 **LOAN PROGRAM**

6 **SEC. 436. SELECTION OF INSTITUTIONS.**

7 (a) *GENERAL AUTHORITY.*—Section 453(a) (20 U.S.C.
 8 1087c(a)) is amended—

9 (1) by striking “*PHASE-IN*” and everything that
 10 follows through “*GENERAL AUTHORITY.*—” and in-
 11 serting “*GENERAL AUTHORITY.*—”; and

12 (2) by striking paragraphs (2), (3), and (4).

13 (b) *SELECTION CRITERIA.*—Section 453(b)(2) is
 14 amended by striking “*prescribe,*” and everything that fol-
 15 lows through the end of subparagraph (B) and inserting
 16 “*prescribe.*”.

17 (c) *ORIGINATION.*—Section 453(c) is amended—

18 (1) in paragraph (2)—

19 (A) in the heading, by striking “*TRANSI-*
 20 *TION SELECTION CRITERIA*” and inserting “*SE-*
 21 *LECTION CRITERIA*”;

22 (B) by striking “*For academic year 1994–*
 23 *1995, the Secretary*” and inserting “*The Sec-*
 24 *retary*”;

25 (C) by striking subparagraph (A); and

1 (D) in subparagraph (E), by striking every-
 2 thing after “deficiencies” and inserting a semi-
 3 colon; and

4 (E) by redesignating subparagraphs (B)
 5 through (H) as subparagraphs (A) through (G);
 6 and

7 (2) in paragraph (3)—

8 (A) in the heading, by striking “AFTER
 9 TRANSITION”; and

10 (B) by striking “For academic year 1995–
 11 1996 and subsequent academic years, the Sec-
 12 retary” and inserting “The Secretary”.

13 **SEC. 437. TERMS AND CONDITIONS.**

14 (a) *INTEREST RATES.*—

15 (1) *AMENDMENT.*—Section 455(b) (20 U.S.C.
 16 1087e(b)) is amended to read as follows:

17 “(b) *INTEREST RATE.*—

18 “(1) *RATES FOR FDSL AND FDUSL.*—For Federal
 19 Direct Stafford Loans and Federal Direct Unsub-
 20 sidized Stafford Loans for which the first disburse-
 21 ment is made on or after July 1, 1998, the applicable
 22 rate of interest shall, during any 12-month period be-
 23 ginning on July 1 and ending on June 30, be deter-
 24 mined on the preceding June 1 and be equal to—

1 “(A) *the bond equivalent rate of 91-day*
 2 *Treasury bills auctioned at the final auction held*
 3 *prior to such June 1; plus*

4 “(B) *2.3 percent,*
 5 *except that such rate shall not exceed 8.25 percent.*

6 “(2) *IN SCHOOL AND GRACE PERIOD RULES.—*
 7 *With respect to any Federal Direct Stafford Loan or*
 8 *Federal Direct Unsubsidized Stafford Loan for which*
 9 *the first disbursement is made on or after July 1,*
 10 *1995, the applicable rate of interest for interest which*
 11 *accrues—*

12 “(A) *prior to the beginning of the repay-*
 13 *ment period of the loan; or*

14 “(B) *during the period in which principal*
 15 *need not be paid (whether or not such principal*
 16 *is in fact paid) by reason of a provision de-*
 17 *scribed in section 428(b)(1)(M) or 427(a)(2)(C),*
 18 *shall be determined under paragraph (1) by substitut-*
 19 *ing ‘1.7 percent’ for ‘2.3 percent’.*

20 “(3) *PLUS LOANS.—With respect to Federal Di-*
 21 *rect PLUS Loan for which the first disbursement is*
 22 *made on or after July 1, 1998, the applicable rate of*
 23 *interest shall be determined under paragraph (1)—*

24 “(A) *by substituting ‘3.1 percent’ for ‘2.3*
 25 *percent’; and*

1 “(B) by substituting ‘9.0 percent’ for ‘8.25
2 percent’.

3 “(4) *REPAYMENT INCENTIVES*.—Notwithstanding
4 any other provision of this part, the Secretary is au-
5 thorized to prescribe in regulation such reductions in
6 the interest rate paid by a borrower of a loan made
7 under this part as the Secretary determines appro-
8 priate to encourage on-time repayment. Such reduc-
9 tions may be offered only if the Secretary determines
10 they are both cost neutral and in the best financial
11 interest of the Federal Government. Any increase in
12 subsidy costs resulting from such reductions must be
13 completely offset by corresponding savings in funds
14 available for the Direct Loan Program in that fiscal
15 year from section 458 and other administrative ac-
16 counts.

17 “(5) *PUBLICATION*.—The Secretary shall deter-
18 mine the applicable rates of interest under this sub-
19 section after consultation with the Secretary of the
20 Treasury and shall publish such rate in the Federal
21 Register as soon as practicable after the date of deter-
22 mination.”.

23 “(2) *EFFECTIVE DATE*.—The amendments made
24 by this section shall apply with respect to any loan
25 made under part D of title IV of the Higher Edu-

1 *ction Act of 1965 for which the first disbursement is*
 2 *made on or after July 1, 1998.*

3 *(b) CONSOLIDATION LOANS.—The first sentence of sec-*
 4 *tion 455(g) is amended by striking everything after “section*
 5 *428C(a)(4)” and inserting a period.*

6 **SEC. 438. CONTRACTS.**

7 *Section 456(b) (20 U.S.C. 1087f(b)) is amended—*

8 *(1) by inserting “and” after the semicolon at the*
 9 *end of paragraph (3);*

10 *(2) by striking paragraph (4); and*

11 *(3) by redesignating paragraph (5) as para-*
 12 *graph (4).*

13 **SEC. 439. FUNDS FOR ADMINISTRATIVE EXPENSES.**

14 *Section 458 (20 U.S.C. 1087h) is amended—*

15 *(1) in subsection (a)(1), by striking subpara-*
 16 *graph (B) and everything that follows and inserting*
 17 *the following:*

18 *“(B) account maintenance fees payable to*
 19 *guaranty agencies under part B and calculated*
 20 *in accordance with paragraph (2),*

21 *not to exceed (from such funds not otherwise appro-*
 22 *priated) \$626,000,000 in fiscal year 1999,*
 23 *\$726,000,000 in fiscal year 2000, \$770,000,000 in fis-*
 24 *cal year 2001, \$780,000,000 in fiscal year 2002, and*
 25 *\$795,000,000 in fiscal year 2003. Account mainte-*

1 *nance fees under subparagraph (B) of this paragraph*
 2 *shall be paid quarterly and deposited in the Operat-*
 3 *ing Fund established under 422B. The Secretary may*
 4 *carry over funds available under this section to a sub-*
 5 *sequent fiscal year.”;*

6 *(2) by striking paragraph (2) of subsection (a)*
 7 *and inserting the following:*

8 *“(2) CALCULATION BASIS.—Account mainte-*
 9 *nance fees payable to guaranty agencies under para-*
 10 *graph (1)(B) shall be calculated for fiscal year 1999*
 11 *and fiscal year 2000, on the basis of 0.12 percent of*
 12 *the original principal amount of outstanding loans*
 13 *on which insurance was issued under part B, and for*
 14 *fiscal years 2001 and succeeding fiscal years, shall be*
 15 *calculated on the basis of 0.10 percent of the original*
 16 *principal amount of outstanding loans on which in-*
 17 *surance was issued under part B.”; and*

18 *(3) by striking subsection (d).*

19 **SEC. 440. AUTHORITY TO SELL LOANS.**

20 *Part D of title IV (20 U.S.C. 1087a et seq.) is amended*
 21 *by adding at the end the following new section:*

22 **“SEC. 459. AUTHORITY TO SELL LOANS.**

23 *“The Secretary, in consultation with the Secretary of*
 24 *the Treasury, is authorized to sell loans made under this*
 25 *part on such terms as the Secretary determines are in the*

1 *best interest of the United States, except that any such sale*
 2 *shall not result in any cost to the Federal Government. Not-*
 3 *withstanding any other provision of law, the proceeds of*
 4 *any such sale may be used by the Secretary to offer reduc-*
 5 *tions in the interest rate paid by a borrower of a loan made*
 6 *under this part as the Secretary determines appropriate to*
 7 *encourage on-time repayment. Such reductions may be of-*
 8 *fered only if the Secretary determines they are in the best*
 9 *financial interests of the Federal Government.”.*

10 **SEC. 441. CANCELLATION OF LOANS FOR CERTAIN PUBLIC**
 11 **SERVICE.**

12 *Part D of title IV is amended by inserting after section*
 13 *459, as added by section 440, the following new section:*

14 **“SEC. 459A. CANCELLATION OF LOANS FOR CERTAIN PUB-**
 15 **LIC SERVICE.**

16 *“(a) CANCELLATION OF PERCENTAGE OF DEBT BASED*
 17 *ON YEARS OF QUALIFYING SERVICE.—*

18 *“(1) FUNCTIONS OF SECRETARY.—The percent*
 19 *specified in paragraph (4) of the total amount of any*
 20 *qualifying loan shall be canceled for each complete*
 21 *year of service by the borrower described in para-*
 22 *graph (3).*

23 *“(2) QUALIFYING LOANS.—*

24 *“(A) IN GENERAL.—For purposes of this*
 25 *subsection, a loan is a qualifying loan if—*

1 “(i) the loan was a Federal Direct
2 Stafford Loan made on or after the date of
3 enactment of the Higher Education Amend-
4 ments of 1998 to a borrower who, on the
5 date of entering into the note or other writ-
6 ten evidence of the loan, had no outstanding
7 balance of principal or interest on any loan
8 made before such date; and

9 “(ii) the loan was obtained to cover the
10 cost of instruction for an academic year
11 after the first and second year of under-
12 graduate education.

13 “(B) LIMITATION.—The Secretary may not
14 repay loans described in subparagraph (A) to
15 cover the costs of instruction for more than two
16 academic years, or three academic years in the
17 case of a program of instruction normally re-
18 quiring five years.

19 “(C) TREATMENT OF CONSOLIDATION
20 LOANS.—A Federal Direct Consolidation Loan
21 may be a qualifying loan for the purposes of this
22 subsection only to the extent that such loan was
23 used to repay a loan or loans that meet the re-
24 quirements of subparagraphs (A) and (B), as de-

1 *terminated in accordance with regulations pre-*
2 *scribed by the Secretary.*

3 “(3) *QUALIFYING SERVICE.*—*A loan shall be can-*
4 *celled under paragraph (1) for service by the borrower*
5 *as a full-time teacher for each complete academic year*
6 *of service, after completion of the second academic*
7 *year of service, in a public or other nonprofit private*
8 *elementary or secondary school—*

9 “(A) *which is in the school district of a*
10 *local educational agency which is eligible in such*
11 *year for assistance pursuant to title I of the Ele-*
12 *mentary and Secondary Education Act of 1965;*
13 *and*

14 “(B) *which for the purpose of this para-*
15 *graph and for that year has been determined by*
16 *the State educational agency of the State in*
17 *which the school is located to be a school in*
18 *which the enrollment of children counted under*
19 *section 1124(c) of the Elementary and Secondary*
20 *Education Act of 1965 exceeds 30 percent of the*
21 *total enrollment of that school.*

22 “(4) *PERCENTAGE OF CANCELLATION.*—(A) *The*
23 *percent of a loan which shall be canceled under para-*
24 *graph (1) of this subsection is at the rate of—*

1 “(i) 30 percent for the first or second com-
2 plete academic year of qualifying service as de-
3 scribed in paragraph (3) (after completion of two
4 years of service); and

5 “(ii) 40 percent for the third complete year
6 of such qualifying service.

7 “(B) The total amount that may be canceled
8 under this subsection for any borrower shall not ex-
9 ceed \$17,750.

10 “(C) If a portion of a loan is canceled under this
11 subsection for any year, the entire amount of interest
12 on such loan which accrues for such year shall be can-
13 celed.

14 “(D) Nothing in this section shall be construed
15 to authorize refunding of any repayment of a loan.

16 “(5) LIMITATION ON TEACHER ELIGIBILITY.—

17 “(A) SECONDARY SCHOOL TEACHERS.—A
18 borrower may not receive assistance under this
19 subsection by virtue of teaching in a secondary
20 school unless such borrower majored in the sub-
21 ject area in which they are teaching.

22 “(B) ELEMENTARY SCHOOL TEACHERS.—A
23 borrower may not receive assistance under this
24 subsection by virtue of teaching in a elementary
25 school unless such borrower demonstrates, in ac-

1 *cordance with State teacher certification or li-*
 2 *censing requirements, subject matter knowledge*
 3 *and teaching skills in reading, writing, mathe-*
 4 *matics, and other subjects taught in elementary*
 5 *schools.*

6 “(6) *DEFINITION.*—*For the purpose of this sec-*
 7 *tion, the term ‘year’ where applied to service as a*
 8 *teacher means an academic year as defined by the*
 9 *Secretary.*

10 “(7) *TREATMENT OF CANCELED AMOUNTS.*—*The*
 11 *amount of a loan, and interest on a loan, which is*
 12 *canceled under this section shall not be considered in-*
 13 *come for purposes of the Internal Revenue Code of*
 14 *1986.*

15 “(8) *PREVENTION OF DOUBLE BENEFITS.*—*No*
 16 *borrower may, for the same volunteer service, receive*
 17 *a benefit under both this section and subtitle D of*
 18 *title I of the National and Community Service Act of*
 19 *1990 (42 U.S.C. 12571 et seq.).*

20 “(b) *SPECIAL RULES.*—

21 “(1) *LIST.*—*If the list of schools in which a*
 22 *teacher may perform service pursuant to subsection*
 23 *(a)(3) is not available before May 1 of any year, the*
 24 *Secretary may use the list for the year preceding the*

1 *year for which the determination is made to make*
 2 *such service determination.*

3 “(2) *CONTINUING ELIGIBILITY.*—*Any teacher*
 4 *who performs service in a school which—*

5 “(A) *meets the requirements of subsection*
 6 *(a)(3) in any year during such service; and*

7 “(B) *in a subsequent year fails to meet the*
 8 *requirements of such subsection,*
 9 *may continue to teach in such school and shall be eli-*
 10 *gible for loan cancellation pursuant to subsection*
 11 *(a)(1) with respect to such subsequent years.”.*

12 ***PART E—FEDERAL PERKINS LOANS***

13 ***SEC. 445. AMENDMENTS TO PART E.***

14 (a) *EXTENSION OF AUTHORITY.*—*Section 461(b) (20*
 15 *U.S.C. 1087aa(b)) is amended—*

16 (1) *in paragraph (1), by striking “1993” and in-*
 17 *serting “1999”; and*

18 (2) *in paragraph (2), by striking “1997” each*
 19 *place it appears and inserting “2003”.*

20 (b) *ALLOCATION OF FUNDS.*—*Section 462 (20 U.S.C.*
 21 *1087bb) is amended—*

22 (1) *by striking subsection (b);*

23 (2) *in subsection (c)(1), by striking “three-quar-*
 24 *ters of the remainder” and inserting “the remainder”;*

1 (3) in subsection (c)(2), by striking “subsection
2 (g)” and inserting “subsection (f)”;

3 (4) in subsection (c)(3)—

4 (A) by striking “subsection (d)” and insert-
5 ing “subsection (c)”;

6 (B) by striking “subsection (f)” and insert-
7 ing “subsection (e)”;

8 (C) by striking “subsection (g)” and insert-
9 ing “subsection (f)”;

10 (5) in subsection (f)(1), by striking “subsection
11 (g)” and inserting “subsection (f)”;

12 (6) in subsection (j)(2)—

13 (A) by striking “subsection (c)” and insert-
14 ing “subsection (b)”;

15 (B) by striking “subsection (c) of section
16 462” and inserting “subsection (b)”;

17 (7) by redesignating subsections (c) through (j)
18 as subsections (b) through (i), respectively.

19 (c) *DEFAULT REDUCTION PENALTIES.*—Section
20 462(e)(2)(A) (as redesignated by subsection (b)(7) of this
21 section) is amended by inserting before the semicolon at the
22 end the following: “, except that a plan shall not be required
23 with respect to any such institution that has a default rate
24 of less than 20 percent and has less than 100 students who
25 have loans under this part in any academic year”.

1 (d) *DEFINITIONS FOR DEFAULT RATE CALCULA-*
2 *TIONS.—Section 462(g) (as redesignated by subsection*
3 *(b)(7) of this section) is amended by adding at the end the*
4 *following new paragraph:*

5 “(5) *For the purpose of this subsection, the term ‘satis-*
6 *factory arrangements to resume payment’ includes—*

7 “(A) *receipt of voluntary monthly payments for*
8 *three consecutive months after the time periods speci-*
9 *fied in paragraph (4);*

10 “(B) *receipt of voluntary payments sufficient to*
11 *bring the loan current prior to the calculation being*
12 *made for any award year under paragraph (3);*

13 “(C) *obtaining any deferment, postponement, re-*
14 *habilitation, forbearance, or cancellation of the loan*
15 *after the time periods specified in paragraph (4), but*
16 *prior to the calculation being made for any award*
17 *year under paragraph (3);*

18 “(D) *receipt of the full amount due on the loan*
19 *after the time periods specified in paragraph (4), but*
20 *prior to the calculation being made for any award*
21 *year under paragraph (3); or*

22 “(E) *any other arrangements to resume payment*
23 *which the Secretary determines to be satisfactory.”.*

1 (e) *REPORTS TO CREDIT BUREAUS OF PAYMENT RE-*
 2 *SUMPTIONS.*—Section 463(c) (20 U.S.C. 1087cc(c)) is
 3 amended by adding at the end the following new paragraph:

4 “(5) Each institution of higher education shall notify
 5 the appropriate credit bureau organizations whenever a
 6 borrower of a loan that is made and held by the institution
 7 and that is in default makes 12 consecutive monthly pay-
 8 ments on such loan, for the purpose of encouraging such
 9 organizations to update the status of information main-
 10 tained with respect to that borrower.”.

11 (f) *INCENTIVE REPAYMENT PROGRAMS.*—Section 463
 12 is amended by adding at the end the following new sub-
 13 section:

14 “(f) *INCENTIVE REPAYMENT PROGRAMS.*—

15 “(1) *PROGRAM AUTHORIZED.*—Any institution
 16 of higher education participating in the program
 17 under this part may establish, with the approval of
 18 the Secretary, an incentive repayment program de-
 19 signed to reduce defaults on loans under this part and
 20 to assist in replenishing the student loan fund estab-
 21 lished under this part.

22 “(2) *CONTENTS OF PROGRAM.*—An incentive re-
 23 payment program under this part may contain pro-
 24 visions that—

1 “(A) offer a reduction in the interest rate on
2 a loan on which the borrower has made 48 con-
3 secutive monthly payments, but in no event may
4 the interest rate be reduced by more than one
5 percent;

6 “(B) provide for a discount on the balance
7 owed on a loan on which the borrower pays the
8 principal and interest in full prior to the end of
9 the applicable repayment period, but in no event
10 shall such discount exceed 5 percent of the un-
11 paid principal balance due on the loan at the
12 time the early repayment is made; and

13 “(C) include such other incentive repayment
14 options as the institution determines, with the
15 approval of the Secretary, will carry out the ob-
16 jectives of this subsection.

17 “(3) NO NET COST TO THE GOVERNMENT.—No
18 incentive option contained in a program authorized
19 by this subsection may be charged to the Federal Gov-
20 ernment.”.

21 (g) TERMS OF LOANS.—

22 (1) AGGREGATE AMOUNT.—Section 464(a)(2)(B)
23 (20 U.S.C. 1087dd(a)(2)(B)) is amended by striking
24 “the aggregate of the loans for all years” and insert-

1 *ing “the aggregate unpaid principal amount for all*
 2 *loans”.*

3 (2) *ALLOCATION TO LESS-THAN-FULL-TIME STU-*
 4 *DENTS.—Section 464(b) is amended—*

5 (A) *by striking “(1)”*; and

6 (B) *by striking paragraph (2).*

7 (3) *QUALIFICATION FOR DEFERMENTS.—Section*
 8 *464(c)(2) is amended by adding at the end the follow-*
 9 *ing new subparagraph:*

10 *“(C) An individual with an outstanding loan balance*
 11 *who meets the eligibility criteria for a deferment described*
 12 *in subparagraph (A) as in effect on the date of enactment*
 13 *of this subparagraph shall be eligible for deferment under*
 14 *this paragraph notwithstanding any contrary provision of*
 15 *the promissory note under which the loan or loans were*
 16 *made, and notwithstanding any amendment (or effective*
 17 *date provision relating to any amendment) to this section*
 18 *made prior to the date of such deferment.”.*

19 (4) *CLERICAL AMENDMENT.—The matter follow-*
 20 *ing clause (iv) of section 464(c)(2)(A) is amended by*
 21 *striking “subparagraph (B)” and inserting “subpara-*
 22 *graph (A) of paragraph (1)”.*

23 (h) *REHABILITATION AND DISCHARGE OF LOANS.—*
 24 *Section 464 is further amended by adding at the end the*
 25 *following new subsections:*

1 “(g) *REHABILITATION OF LOANS.*—(1)(A) *If the bor-*
2 *rower of a loan made under this part who has defaulted*
3 *on the loan makes 12 on-time, consecutive, monthly pay-*
4 *ments of amounts owed on the loan, the loan shall be consid-*
5 *ered rehabilitated, and the institution that made the loan*
6 *(or the Secretary, in the case of a loan held by the Sec-*
7 *retary) shall instruct any credit reporting organization to*
8 *which the default was reported to remove the default from*
9 *the borrower’s credit history.*

10 “(B) *As long as the borrower continues to make sched-*
11 *uled repayments on a loan rehabilitated under this para-*
12 *graph, the rehabilitated loan shall be subject to the same*
13 *terms and conditions, and qualify for the same benefits and*
14 *privileges, as other loans made under this part.*

15 “(C) *The borrower of a rehabilitated loan shall not be*
16 *precluded by section 484 from receiving additional grant,*
17 *loan, or work assistance under this title (for which he or*
18 *she is otherwise eligible) on the basis of defaulting on the*
19 *loan prior to such rehabilitation.*

20 “(D) *A borrower may obtain the benefit of this para-*
21 *graph with respect to rehabilitating the loan only once.*

22 “(2) *If the borrower of loan made under this part who*
23 *has defaulted on that loan makes 6 on-time, consecutive,*
24 *monthly payments of amounts owed on such loan, the bor-*
25 *rower’s eligibility for grant, loan, or work assistance under*

1 *this title shall be restored. A borrower may obtain the bene-*
 2 *fit of this paragraph with respect to restored eligibility only*
 3 *once.*

4 “(h) *DISCHARGE.*—

5 “(1) *IN GENERAL.*—*If a student borrower who*
 6 *received a loan made under this part on or after Jan-*
 7 *uary 1, 1986, is unable to complete the program in*
 8 *which such student is enrolled due to the closure of the*
 9 *institution, then the Secretary shall discharge the bor-*
 10 *rower’s liability on the loan (including interest and*
 11 *collection fees) by repaying the amount owed on the*
 12 *loan and shall subsequently pursue any claim avail-*
 13 *able to such borrower against the institution and its*
 14 *affiliates and principals, or settle the loan obligation.*

15 “(2) *ASSIGNMENT.*—*A borrower whose loan has*
 16 *been discharged pursuant to this subsection shall be*
 17 *deemed to have assigned to the United States the right*
 18 *to a loan refund up to the amount discharged against*
 19 *the institution and its affiliates and principals.*

20 “(3) *ELIGIBILITY FOR ADDITIONAL ASSIST-*
 21 *ANCE.*—*The period of a student’s assistance at an in-*
 22 *stitution at which the student was unable to complete*
 23 *a course of study due to the closing of the institution*
 24 *shall not be considered for purposes of calculating the*

1 *student's period of eligibility for additional assistance*
2 *under this title.*

3 “(4) *SPECIAL RULE.*—*A borrower whose loan has*
4 *been discharged pursuant to this subsection shall not*
5 *be precluded, because of that discharge, from receiving*
6 *additional grant, loan, or work assistance under this*
7 *title for which the borrower would be otherwise eligi-*
8 *ble (but for the default on the discharged loan). The*
9 *amount discharged under this subsection shall be*
10 *treated the same as loans under section 465(a)(5).*

11 “(5) *REPORTING.*—*The Secretary or institution,*
12 *as the case may be, shall report to credit bureaus with*
13 *respect to loans that have been discharged pursuant to*
14 *this subsection.”.*

15 (i) *CANCELLATION.*—*Section 465 (20 U.S.C. 1087ee)*
16 *is amended—*

17 (1) *in subsection (a)—*

18 (A) *in paragraph (2)(C), by striking “sec-*
19 *tion 676(b)(9)” and inserting “section*
20 *635(a)(10)”;*

21 (B) *by striking subparagraph (H) of para-*
22 *graph (2) and inserting the following:*

23 “(H) *as a full-time nurse or medical technician*
24 *providing health care services;”;*

1 (C) by striking the period at the end of sub-
2 paragraph (I) of such paragraph and inserting
3 a semicolon;

4 (D) by adding at the end of such paragraph
5 the following new subparagraphs:

6 “(J) as a member of the Commissioned Corps of
7 the Public Health Service of the United States; or

8 “(K) as a non-physician mental health profes-
9 sional providing health care services in a health pro-
10 fessional shortage area designated under section 332
11 of the Public Health Service Act.”;

12 (E) in the last sentence of paragraph (2),
13 by striking “section 602(a)(1)” and inserting
14 “section 602(3)”; and

15 (F) by adding at the end the following new
16 paragraph:

17 “(7) An individual with an outstanding loan obliga-
18 tion who performs service of any type that is described in
19 paragraph (2) as in effect on the date of enactment of this
20 paragraph shall be eligible for cancellation under this sec-
21 tion for such service notwithstanding any contrary provi-
22 sion of the promissory note under which the loan or loans
23 were made, and notwithstanding any amendment (or effec-
24 tive date provision relating to any amendment) to this sec-
25 tion made prior to the date of such service.”; and

1 (2) *in subsection (b), by adding at the end the*
 2 *following new sentence: “To the extent feasible, the*
 3 *Secretary shall pay the amounts for which any insti-*
 4 *tution qualifies under this subsection no later than*
 5 *three months after the institution files an institu-*
 6 *tional application for campus-based funds.”.*

7 (j) *DISTRIBUTION OF ASSETS.—Section 466 (20*
 8 *U.S.C. 1087ff) is amended—*

9 (1) *by striking “1996” each place it appears and*
 10 *inserting “2003”; and*

11 (2) *by striking “1997” each place it appears and*
 12 *inserting “2004”.*

13 (k) *COLLECTION OF DEFAULTED LOANS.—*

14 (1) *REPEAL.—Subsection (c) of section 467 (20*
 15 *U.S.C. 1087gg(c)) is repealed.*

16 (2) *DEPOSIT.—Any funds in the Perkins Revolv-*
 17 *ing Loan Fund on the date of enactment of this Act*
 18 *shall be deposited in the general fund of the Treasury.*

19 (l) *STATUS CONFIRMATION REPORTS.—Section 468*
 20 *(20 U.S.C. 1087hh) is amended—*

21 (1) *by inserting “(a) IN GENERAL.—” before “In*
 22 *carrying out”; and*

23 (2) *by adding at the end the following new sub-*
 24 *section:*

1 “(b) *STUDENT STATUS CONFIRMATION REPORTS.*—
 2 *The Secretary shall ensure that borrowers under this part*
 3 *are included in the student status confirmation report re-*
 4 *quired by the Secretary in the same manner as borrowers*
 5 *under parts B and D of this title.”.*

6 **PART F—NEED ANALYSIS**

7 **SEC. 446. COST OF ATTENDANCE.**

8 *Section 472 (20 U.S.C. 1087ll) is amended—*

9 (1) *in paragraph (2), by inserting after “per-*
 10 *sonal expenses” the following: “, including a reason-*
 11 *able allowance for the rental or purchase of a per-*
 12 *sonal computer,”; and*

13 (2) *in paragraph (10), by striking everything*
 14 *after “determining costs” and inserting a semicolon.*

15 **SEC. 447. DATA ELEMENTS.**

16 *Section 474(b)(3) (20 U.S.C. 1087nn(b)(3)) is amend-*
 17 *ed by inserting “, excluding the student’s parents,” after*
 18 *“family of the student”.*

19 **SEC. 448. FAMILY CONTRIBUTION FOR DEPENDENT STU-**
 20 **DENTS.**

21 (a) *PARENTS’ CONTRIBUTION FROM ADJUSTED AVAIL-*
 22 *ABLE INCOME.*—*Section 475(b)(3) (20 U.S.C. 1087oo(b)(3))*
 23 *is amended by inserting “, excluding the student’s parents,”*
 24 *after “number of the family members”.*

1 (b) *FAMILY CONTRIBUTION FROM ASSETS*.—Section
2 475 is amended—

3 (1) in subsection (b)(1)(B), by striking “parents’
4 contribution” and inserting “family contribution”;

5 (2) in the heading of subsection (d), by striking
6 “PARENTS’ CONTRIBUTION” and inserting “FAMILY
7 CONTRIBUTION”;

8 (3) in subsection (d)(1)—

9 (A) by striking “parents’ contribution” and
10 inserting “family contribution”; and

11 (B) by striking “parental net worth” in
12 subparagraph (A) and inserting “family net
13 worth”;

14 (4) in subsection (d)(2)—

15 (A) by striking “PARENTAL” in the heading
16 and inserting “FAMILY”;

17 (B) by striking “parental net worth” and
18 inserting “family net worth”; and

19 (C) by inserting “, for both the parents and
20 the dependent student” after “by adding”;

21 (5) by striking subsection (h); and

22 (6) by redesignating subsection (i) as subsection
23 (h).

24 (c) *STUDENT CONTRIBUTION FROM AVAILABLE IN-*
25 *COME*.—Section 475(g) is amended—

1 (1) *in paragraph (2)—*

2 (A) *in subparagraph (D), by striking*
 3 *“\$1,750; and” and inserting “\$3,000, or a suc-*
 4 *cessor amount prescribed by the Secretary under*
 5 *section 478;”;*

6 (B) *by striking the period at the end of sub-*
 7 *paragraph (E) and inserting “; and”; and*

8 (C) *by inserting after subparagraph (E) the*
 9 *following new subparagraph:*

10 “(F) *an allowance for parents’ negative*
 11 *available income, determined in accordance with*
 12 *paragraph (6).”;* and

13 (2) *by adding at the end the following new para-*
 14 *graph:*

15 “(6) *ALLOWANCE FOR PARENTS’ NEGATIVE*
 16 *AVAILABLE INCOME.—The allowance for parents’ neg-*
 17 *ative available income is the amount, if any, by*
 18 *which the sum of the amounts deducted under sub-*
 19 *paragraphs (A) through (F) of paragraph (2) exceeds*
 20 *the parents’ total income (as defined in section*
 21 *480).”.*

22 (e) *ADJUSTMENTS TO STUDENTS CONTRIBUTION FOR*
 23 *ENROLLMENT PERIODS OTHER THAN NINE MONTHS.—*
 24 *Section 475 is amended by adding at the end the following*
 25 *new subsection:*

1 “(i) *ADJUSTMENTS TO STUDENTS CONTRIBUTION FOR*
 2 *ENROLLMENT PERIODS OF LESS THAN NINE MONTHS.—*
 3 *For periods of enrollment of less than nine months, the stu-*
 4 *dent’s contribution from adjusted available income (as de-*
 5 *termined under subsection (g)) is determined, for purposes*
 6 *other than subpart 2 of part A, by dividing amount deter-*
 7 *mined under such subsection by nine, and multiplying the*
 8 *result by the number of months in the period of enroll-*
 9 *ment.”.*

10 **SEC. 449. FAMILY CONTRIBUTION FOR INDEPENDENT STU-**
 11 **DENTS WITHOUT DEPENDENTS OTHER THAN**
 12 **A SPOUSE.**

13 (a) *ADJUSTMENTS FOR ENROLLMENT PERIODS OTHER*
 14 *THAN NINE MONTHS.—Section 476(a) (20 U.S.C.*
 15 *1087pp(a)) is amended—*

16 (1) *by striking “and” at the end of paragraph*
 17 *(1)(B);*

18 (2) *by inserting “and” after the semicolon at the*
 19 *end of paragraph (2); and*

20 (3) *by inserting after paragraph (2) the follow-*
 21 *ing new paragraph:*

22 “(3) *for periods of enrollment of other than 9*
 23 *months, for purposes other than subpart 2 of part*
 24 *A—*

1 “(A) dividing the quotient resulting under
2 paragraph (2) by nine; and

3 “(B) multiplying the result by the number
4 of months in the period of enrollment;”.

5 (b) *CONTRIBUTION FROM AVAILABLE INCOME.*—Sec-
6 tion 476(b)(1)(A)(iv) is amended—

7 (1) by striking “allowance of—” and inserting
8 “allowance of the following amount (or a successor
9 amount prescribed by the Secretary under section
10 478)—”;

11 (2) by striking “\$3,000” each place it appears in
12 subclauses (I) and (II) and inserting “\$5,500”; and

13 (3) by striking “\$6,000” in subclause (III) and
14 inserting “\$8,500”.

15 **SEC. 450. FAMILY CONTRIBUTION FOR INDEPENDENT STU-**
16 **DENTS WITH DEPENDENTS OTHER THAN A**
17 **SPOUSE.**

18 Section 477(a) (20 U.S.C. 1087qq(a)) is amended—

19 (1) by striking “and” at the end of paragraph
20 (2);

21 (2) by inserting “and” after the semicolon at the
22 end of paragraph (3); and

23 (3) by inserting after paragraph (3) the follow-
24 ing new paragraph:

1 “(4) for periods of enrollment of other than 9
2 months, for purposes other than subpart 2 of part
3 A—

4 “(A) dividing the quotient resulting under
5 paragraph (3) by nine; and

6 “(B) multiplying the result by the number
7 of months in the period of enrollment;”.

8 **SEC. 451. REGULATIONS; UPDATED TABLES AND AMOUNTS.**

9 Section 478(b) (20 U.S.C. 1087rr(b)) is amended—

10 (1) by striking “For each academic year” and
11 inserting the following:

12 “(1) *REVISED TABLES.*—For each academic
13 year”; and

14 (2) by adding at the end the following new para-
15 graph:

16 “(2) *REVISED AMOUNTS.*—For each academic
17 year after academic year 1997–1998, the Secretary
18 shall publish in the Federal Register revised income
19 protection allowances for the purpose of sections
20 475(g)(2)(D) and 476(b)(1)(A)(iv). Such revised al-
21 lowances shall be developed by increasing each of the
22 dollar amounts contained in such section by a per-
23 centage equal to the estimated percentage increase in
24 the Consumer Price Index (as determined by the Sec-
25 retary) between December 1996 and the December

1 *next preceding the beginning of such academic year,*
 2 *and rounding the result to the nearest \$10.”.*

3 **SEC. 452. DISCRETION OF STUDENT FINANCIAL AID ADMIN-**
 4 **ISTRATORS.**

5 *(a) SPECIAL CIRCUMSTANCES.—Section 479A(a) (20*
 6 *U.S.C. 1087tt(a)) is amended—*

7 *(1) in the first sentence, by inserting after “(or*
 8 *both)” the following: “or, in extraordinary cir-*
 9 *cumstances, the amount of the expected family con-*
 10 *tribution,”; and*

11 *(2) by inserting after the second sentence the fol-*
 12 *lowing new sentence: “Special circumstances may in-*
 13 *clude tuition expenses at an elementary or secondary*
 14 *school, medical or dental expenses not covered by in-*
 15 *surance, unusually high child care costs, recent unem-*
 16 *ployment of a family member, or other changes in a*
 17 *family’s income or assets or a student’s status. Ex-*
 18 *traordinary circumstances shall be defined by the Sec-*
 19 *retary by regulation.”.*

20 *(b) REFUSAL OR ADJUSTMENT OF LOAN CERTIFI-*
 21 *CATIONS.—Section 479A is amended by striking subsection*
 22 *(c) and inserting the following:*

23 *“(c) REFUSAL OR ADJUSTMENT OF LOAN CERTIFI-*
 24 *CATIONS.—On a case-by-case basis, an eligible institution*
 25 *may refuse to certify a statement which permits a student*

1 to receive a loan under part B, or refuse to make a loan
 2 under part D, or may certify a loan amount or make a
 3 loan that is less than the student's determination of need
 4 (as determined under this part), if the reason for the action
 5 is documented and provided in written form to the student
 6 and the student is afforded an opportunity to appeal the
 7 action in a timely fashion. No eligible institution shall dis-
 8 criminate against any borrower or applicant in obtaining
 9 a loan on the basis of race, national origin, religion, sex,
 10 marital status, age, or handicapped status.”.

11 **SEC. 453. TREATMENT OF OTHER FINANCIAL ASSISTANCE.**

12 Section 480(j)(3) (20 U.S.C. 1087vv(j)(3)) is amended
 13 by inserting after “paragraph (1),” the following: “a post-
 14 service benefit under chapter 30 of title 38, United States
 15 Code, or”.

16 **PART G—GENERAL PROVISIONS**

17 **SEC. 461. DEFINITIONS.**

18 Section 481 (20 U.S.C. 1088), as amended by section
 19 102(b), is further amended by adding at the end the follow-
 20 ing new subsection:

21 “(d) *DISTANCE LEARNING*.—For the purpose of any
 22 program under this title, the term ‘distance learning’ means
 23 an educational process that is characterized by the separa-
 24 tion, in time or place, between instructor and student. Dis-

1 *tance learning may include courses offered principally*
 2 *through the use of—*

3 “(1) *television, audio, or computer transmission,*
 4 *such as open broadcast, closed circuit, cable, micro-*
 5 *wave, or satellite transmission;*

6 “(2) *audio or computer conferencing;*

7 “(3) *video cassettes or discs; or*

8 “(4) *correspondence.*”.

9 **SEC. 462. MASTER CALENDAR.**

10 (a) *REQUIRED SCHEDULE.*—Section 482(a) (20
 11 *U.S.C. 1089(a)) is amended by adding at the end the follow-*
 12 *ing new paragraphs:*

13 “(3) *The Secretary shall, to the extent prac-*
 14 *ticable, notify eligible institutions, guaranty agencies,*
 15 *lenders, interested software providers, and, upon re-*
 16 *quest, other interested parties, by December 1 prior to*
 17 *the start of an award year of minimal hardware and*
 18 *software requirements necessary to administer pro-*
 19 *grams under this title.*

20 “(4) *The Secretary shall attempt to conduct*
 21 *training activities for financial aid administrators*
 22 *and others in an expeditious and timely manner*
 23 *prior to the start of such award year in order to en-*
 24 *sure that all participants are informed of all admin-*
 25 *istrative requirements.*”.

1 (b) *DELAY OF EFFECTIVE DATE.*—Section 482(c) is
 2 amended by striking the second sentence and inserting the
 3 following: “The Secretary shall provide a period for public
 4 comment of not less than 60 days after publication of any
 5 notice of proposed rulemaking affecting programs under
 6 this title.”.

7 **SEC. 463. FORMS AND REGULATIONS.**

8 (a) *COMMON FINANCIAL AID FORM.*—Section 483(a)
 9 (20 U.S.C. 1090(a)) is amended—

10 (1) in paragraph (1)—

11 (A) by striking “A, C, D, and E” and in-
 12 serting “A through E”;

13 (B) by striking “and to determine the need
 14 of a student for the purpose of part B of this
 15 title”; and

16 (C) by striking the last sentence and insert-
 17 ing the following: “The Secretary shall include,
 18 on the first page of the form, a prominently dis-
 19 played notice to students and parents advising
 20 them to check with the college financial aid office
 21 in the event that they have unusual cir-
 22 cumstances which may affect their eligibility for
 23 financial aid.”;

24 (2) in paragraph (2)—

1 (A) by striking “A, C, D, and E” each place
2 it appears and inserting “A through E”;

3 (B) by striking “and the need of a student
4 for the purpose of part B of this title,”; and

5 (C) by striking “or have the student’s need
6 established for the purpose of part B of this
7 title”;

8 (3) in the first sentence of paragraph (3), by in-
9 serting “processing loan applications and” after “for
10 the purposes of”; and

11 (4) by adding at the end the following new para-
12 graph:

13 “(5) *ELECTRONIC FORMS.*—(A) *The Secretary,*
14 *in cooperation with representatives of agencies and*
15 *organizations involved in student financial assist-*
16 *ance, including private computer software providers,*
17 *shall develop an electronic version of the form de-*
18 *scribed in paragraph (1). Such an electronic version*
19 *shall not require a signature to be collected at the*
20 *time such version is submitted, as permitted by the*
21 *Secretary. The Secretary shall prescribe such version*
22 *no later than 120 days after the date of enactment of*
23 *the Higher Education Amendments of 1998.*

24 “(B) *Nothing in this section shall prohibit the*
25 *use of the version of the form developed by the Sec-*

1 retary pursuant to subparagraph (A) by an eligible
2 institution, eligible lender, guaranty agency, State
3 grant agency, private computer software providers, a
4 consortium thereof, or such other entities as the Sec-
5 retary may designate.

6 “(C) The Secretary shall provide to such organi-
7 zation or consortium necessary specifications that
8 software developed, produced, distributed (including
9 any diskette, modem or network communications, or
10 otherwise) must meet. Included in the specifications
11 shall be test cases that such organization or consortia
12 must use to prove accuracy of its cases to the Sec-
13 retary. If the results of the test cases are inconsistent
14 with the provisions of this part, the Secretary shall
15 notify the submitting organizations or consortium of
16 his objection within 30 days of such submission. In
17 the absence of such an objection the organization or
18 consortium may use the electronic form as submitted.
19 No fee shall be charged to students in connection with
20 the use of the electronic form, or of any other elec-
21 tronic forms used in conjunction with such form in
22 applying for Federal or State student financial assist-
23 ance.

24 “(D) The Secretary shall ensure that data collec-
25 tion complies with section 552a of title 5, United

1 *States Code, and that any entity using the version*
2 *of the form developed by the Secretary pursuant to*
3 *subparagraph (A) shall maintain reasonable and ap-*
4 *propriate administrative, technical, and physical*
5 *safeguards to ensure the integrity and confidentiality*
6 *of the information, and to protect against security*
7 *threats, or unauthorized uses or disclosures of the in-*
8 *formation provided on the version of the form. Data*
9 *collected by such version of the form shall be used only*
10 *for the application, award, and administration of aid*
11 *awarded under this title, State aid, or aid awarded*
12 *by eligible institutions or such entities as the Sec-*
13 *retary may designate. No data collected by such ver-*
14 *sion of the form shall be used for making final aid*
15 *awards under this title until such data have been*
16 *processed by the Secretary or a contractor or designee*
17 *of the Secretary.”.*

18 ***(b) STREAMLINED REAPPLICATION PROCESS.***—Section
19 483(b)(1) is amended by striking “, within 240 days” and
20 everything that follows through “of 1992,”.

21 ***(c) INFORMATION TO COMMITTEES.***—Section 483(c) is
22 amended by striking “and Labor” and inserting “and the
23 Workforce”.

1 (d) *TOLL-FREE INFORMATION*.—Section 483(d) is
 2 amended by striking “section 633(c)” and inserting “sec-
 3 tion 685(d)(2)(C)”.

4 (e) *REPEAL*.—Subsection (f) of section 483 is repealed.

5 **SEC. 464. STUDENT ELIGIBILITY.**

6 (a) *IN GENERAL*.—Section 484(a) (20 U.S.C.
 7 1091(a))—

8 (1) in paragraph (4), by striking “the institu-
 9 tion” and everything that follows through “lender), a
 10 document” and inserting “the Federal Government, as
 11 part of the original financial aid application process,
 12 a certification”; and

13 (2) in paragraph (4)(B), by inserting after “so-
 14 cial security number,” the following: “and if a de-
 15 pendent student, the social security number of any
 16 parent of such student whose income information is
 17 required to be included on the form,”.

18 (b) *TERMINATION OF ELIGIBILITY*.—Section 484(j) is
 19 amended by inserting “until September 30, 2001” after “a
 20 student shall be eligible”.

21 (c) *VERIFICATION OF INCOME DATA*.—Section 484 is
 22 amended by adding at the end the following new subsection:

23 “(q) *VERIFICATION OF INCOME DATA*.—

24 “(1) *CONFIRMATION WITH IRS*.—The Secretary
 25 of Education, in cooperation with the Secretary of the

1 *Treasury, is authorized to confirm with the Internal*
 2 *Revenue Service the adjusted gross income, filing sta-*
 3 *tus, and exemptions reported by applicants (includ-*
 4 *ing parents) under this title on their Federal income*
 5 *tax returns for the purpose of verifying the informa-*
 6 *tion reported by applicants on student financial aid*
 7 *applications.*

8 *“(2) NOTIFICATION.—The Secretary shall estab-*
 9 *lish procedures under which an applicant is notified*
 10 *that the Internal Revenue Service will disclose to the*
 11 *Secretary tax return information as authorized under*
 12 *section 6103(l)(13) of the Internal Revenue Code of*
 13 *1986.”.*

14 *(d) SUSPENSION OF ELIGIBILITY FOR DRUG-RELATED*
 15 *OFFENSES.—*

16 *(1) AMENDMENT.—Section 484 is further amend-*
 17 *ed by adding at the end thereof the following new sub-*
 18 *section:*

19 *“(r) SUSPENSION OF ELIGIBILITY FOR DRUG-*
 20 *RELATED OFFENSES.—*

21 *“(1) IN GENERAL.—An individual student who*
 22 *has been convicted of any offense under any Federal*
 23 *or State law involving the possession or sale of a con-*
 24 *trolled substance shall not be eligible to receive any*
 25 *grant, loan, or work assistance under this title during*

1 *the period beginning on the date of such conviction*
 2 *and ending after the interval specified in the follow-*
 3 *ing table:*

“If convicted of an offense involving:

<i>The possession of a controlled substance:</i>	<i>Ineligibility period is:</i>
<i>First offense</i>	<i>1 year</i>
<i>Second offense</i>	<i>2 years</i>
<i>Third offense</i>	<i>indefinite</i>
<i>The sale of a controlled substance:</i>	
<i>First offense</i>	<i>2 years</i>
<i>Second offense</i>	<i>indefinite</i>

4 *“(2) REHABILITATION.—A student whose eligi-*
 5 *bility has been suspended under paragraph (1) may*
 6 *resume eligibility before the end of the period deter-*
 7 *mined under such paragraph if the student satisfac-*
 8 *torily completes a drug rehabilitation program that*
 9 *complies with such criteria as the Secretary shall pre-*
 10 *scribe for purposes of this paragraph.*

11 *“(3) DEFINITIONS.—As used in this subsection,*
 12 *the term ‘controlled substance’ has the meaning given*
 13 *in section 102(6) of the Controlled Substances Act (21*
 14 *U.S.C. 802(6)).”.*

15 *(2) EFFECTIVE DATE.—The amendment made by*
 16 *paragraph (1) shall apply with respect to financial*
 17 *assistance to cover the costs of attendance for periods*
 18 *of enrollment beginning after the date of enactment of*
 19 *this Act.*

1 **SEC. 465. STATE COURT JUDGMENTS.**

2 Section 484A (20 U.S.C. 1091a) is amended by adding
3 at the end the following new subsection:

4 “(c) *STATE COURT JUDGMENTS.*—A judgment of a
5 State court for the recovery of money provided as grant,
6 loan, or work assistance under this title that has been as-
7 signed or transferred to the Secretary under this title may
8 be registered in any district court by filing a certified copy
9 of the judgment and the assignment or other transfer to the
10 Secretary. A judgment so registered shall have the same
11 force and effect, and may be enforced in the same manner,
12 as a judgment of the district court of the district in which
13 the judgment is registered.”.

14 **SEC. 466. INFORMATION FOR STUDENTS.**

15 (a) *INFORMATION DISSEMINATION.*—Section 485(a)
16 (20 U.S.C. 1092(a)) is amended—

17 (1) in paragraph (1), by striking the second sen-
18 tence and inserting the following: “The information
19 required by this section shall be produced and be
20 made readily available upon request, through appro-
21 priate publications, mailings, and electronic media to
22 all current students and to any prospective student.
23 Each eligible institution shall, on an annual basis,
24 provide to all enrolled students a list of the informa-
25 tion that is required to be provided by institutions to
26 students by this Act and section 444 of the General

1 *Education Provisions Act (also referred to as the*
2 *Family Educational Rights and Privacy Act of*
3 *1974), together with a statement of the procedures re-*
4 *quired to obtain such information.”;*

5 *(2) in paragraph (3)—*

6 *(A) in the first sentence, by striking “, or*
7 *enrolled in any program of an eligible institu-*
8 *tion for which the prior program provides sub-*
9 *stantial preparation”; and*

10 *(B) by striking subparagraph (A) and in-*
11 *serting the following:*

12 *“(A) shall be made available by July 1 each year*
13 *to current and prospective students prior to enrolling*
14 *or entering into any financial obligation; and”; and*

15 *(3) by adding at the end the following new para-*
16 *graph:*

17 *“(6) Each institution may, but is not required to, pro-*
18 *vide supplemental information to enrolled and prospective*
19 *students showing the completion or graduation rate for stu-*
20 *dents transferring into the institution or information show-*
21 *ing the rate at which students transfer out of the institu-*
22 *tion.”.*

23 *(b) DEPARTMENTAL PUBLICATIONS.—Section 485(d)*
24 *is amended—*

1 (1) *by striking “(1) assist” and inserting “(A)*
2 *assist”;*

3 (2) *by striking “(2) assist” and inserting “(B)*
4 *assist”;*

5 (3) *by inserting “(1)” before “The Secretary” the*
6 *first place it appears; and*

7 (4) *by adding at the end the following new para-*
8 *graphs:*

9 “(2) *The Secretary shall, to the extent such informa-*
10 *tion is available, compile information describing State pre-*
11 *paid tuition programs and disseminate such information*
12 *to States, eligible institutions, students, and parents in de-*
13 *partmental publications.*

14 “(3) *The Secretary shall, to the extent practicable, up-*
15 *date the Department’s Internet site to include direct links*
16 *to databases which contain information on public and pri-*
17 *vate financial assistance programs. The Secretary shall*
18 *only provide direct links to databases which can be accessed*
19 *without charge and shall verify with appropriate parties*
20 *that the databases included in the direct link are not in*
21 *any way providing fraudulent information. The Secretary*
22 *shall prominently display adjacent to the direct link a dis-*
23 *claimer indicating that a direct link to a database does not*
24 *constitute an endorsement or recommendation of the data-*
25 *base or its provider or any services or products of such pro-*

1 *vider. The Secretary shall provide additional direct links*
2 *to information resources from which students may obtain*
3 *information about fraudulent and deceptive practices in the*
4 *provision of services related to student financial aid.”.*

5 *(c) DISCLOSURES.—Section 485(e) is amended—*

6 *(1) in paragraph (2)—*

7 *(A) by striking “his parents, his guidance”*
8 *and inserting “the student’s parents, guidance”;*
9 *and*

10 *(B) by adding at the end the following new*
11 *sentence: “If the institution is a member of a na-*
12 *tional collegiate athletic association that com-*
13 *piles graduation rate data on behalf of its mem-*
14 *ber institutions that the Secretary determines is*
15 *substantially comparable to the information de-*
16 *scribed in paragraph (1), the distribution of the*
17 *compilation of such data to all secondary schools*
18 *in the United States shall fulfill the responsibil-*
19 *ity of the institution to provide information to*
20 *a prospective student athlete’s guidance counselor*
21 *and coach.”;*

22 *(2) in paragraph (4), by striking “when such*
23 *completion or graduation rate includes students*
24 *transferring into and out of such institution” and in-*
25 *serting “for students transferring into the institution*

1 or information showing the rate at which students
2 transfer out of the institution”; and

3 (3) by striking paragraph (9) and inserting the
4 following:

5 “(9) The reports required by this subsection shall be
6 due on each July 1 and shall cover the 1-year period ending
7 August 31 of the preceding year.”.

8 (d) *CAMPUS CRIME REPORTING AND DISCLOSURE*.—
9 Section 485(f) is amended—

10 (1) in paragraph (1)—

11 (A) by striking subparagraph (F) and in-
12 serting the following:

13 “(F) Statistics concerning the occurrence on
14 campus, during the most recent calendar year, and
15 during the 2 preceding calendar years, of the follow-
16 ing criminal offenses or arrests reported to campus se-
17 curity authorities, campus officials who have direct
18 administrative responsibility for student or campus
19 activities, disciplinary officers and other officials re-
20 sponsible for resolving student disciplinary matters,
21 athletic department officials, or local police agencies
22 (including offenses handled through the campus dis-
23 ciplinary system):

24 “(i) murder;

25 “(ii) sex offenses, forcible or nonforcible;

1 “(iii) robbery;
 2 “(iv) aggravated assault;
 3 “(v) burglary;
 4 “(vi) motor vehicle theft;
 5 “(vii) manslaughter;
 6 “(viii) larceny;
 7 “(ix) arson; and
 8 “(x) arrests or persons referred for campus
 9 disciplinary action for liquor law violations,
 10 drug-related violations, and weapons posses-
 11 sion.”;
 12 (B) by striking subparagraph (H); and
 13 (C) by redesignating subparagraph (I) as
 14 subparagraph (H);
 15 (2) in paragraph (4)—
 16 (A) by striking “Upon request of the Sec-
 17 retary, each” and inserting “On an annual
 18 basis, each”;
 19 (B) by striking “paragraphs (1)(F) and
 20 (1)(H)” and inserting “paragraph (1)(F)”;
 21 (C) by striking “and Labor” and inserting
 22 “and the Workforce”;
 23 (D) by striking “1995” and inserting
 24 “2000”;

1 (E) by striking “and” at the end of sub-
2 paragraph (A);

3 (F) by redesignating subparagraph (B) as
4 subparagraph (C); and

5 (G) by inserting after subparagraph (A) the
6 following new subparagraph:

7 “(B) make copies of the statistics submitted to
8 the Secretary available to the public; and”;

9 (3) in paragraph (6)—

10 (A) by striking “paragraphs (1)(F) and
11 (1)(H)” and inserting “paragraph (1)(F)”; and

12 (B) by adding at the end the following new
13 sentence: “Such statistics shall not identify vic-
14 tims of crimes or persons accused of crimes.”;
15 and

16 (4) by adding at the end the following new para-
17 graphs:

18 “(8)(A) Each institution participating in any pro-
19 gram under this title that maintains either a police or secu-
20 rity department of any kind shall make, keep, and main-
21 tain a daily log, written in a form that can be easily under-
22 stood, recording in chronological order all crimes reported
23 to such police or security department, including the nature,
24 date, time, and general location of each crime and the dis-
25 position of the complaint, if known.

1 “(B) *All entries that are required by this paragraph*
2 *shall be open to public inspection during normal business*
3 *hours within two business days of the initial report being*
4 *made to the department, unless—*

5 “(i) *disclosure of such information is prohibited*
6 *by law; or*

7 “(ii) *the release of such information is likely to*
8 *jeopardize an ongoing criminal investigation or the*
9 *safety of an individual, cause a suspect to flee or*
10 *evade detection, or result in the destruction of evi-*
11 *dence.*

12 *Any information withheld under clause (ii) shall be open*
13 *to public inspection as soon as the damage that is the basis*
14 *for such withholding is no longer likely to occur.*

15 “(9) *The Secretary shall provide technical assistance*
16 *in complying with the provisions of this section to an insti-*
17 *tution of higher education who requests such assistance.”.*

18 (e) *DATA REQUIRED.—Section 485(g) is amended—*

19 (1) *in paragraph (1), by adding at the end the*
20 *following new subparagraphs:*

21 “(I)(i) *The total revenues, and the revenues*
22 *from football, men’s basketball, women’s basket-*
23 *ball, all other men’s sports combined and all*
24 *other women’s sports combined, derived by the*

1 *institution from its intercollegiate athletics ac-*
2 *tivities.*

3 *“(ii) For the purpose of clause (i), revenues*
4 *from intercollegiate athletics activities allocable*
5 *to a sport shall include (without limitation) gate*
6 *receipts, broadcast revenues, appearance guaran-*
7 *tees and options, concessions, and advertising,*
8 *but revenues such as student activities fees or*
9 *alumni contributions not so allocable shall be in-*
10 *cluded in the calculation of total revenues only.*

11 *“(J)(i) The total expenses, and the expenses*
12 *attributable to football, men’s basketball, wom-*
13 *en’s basketball, all other men’s sports combined,*
14 *and all other women’s sports combined, made by*
15 *the institution for its intercollegiate athletics ac-*
16 *tivities.*

17 *“(ii) For the purpose of clause (i) expenses*
18 *for intercollegiate athletics activities allocable to*
19 *a sport shall include (without limitation) grants-*
20 *in-aid, salaries, travel, equipment, and supplies,*
21 *but expenses such as general and administrative*
22 *overhead not so allocable shall be included in the*
23 *calculation of total expenses only.*

24 *“(K) A statement of any reduction that*
25 *may or is likely to occur during the ensuing 4*

1 *academic years in the number of athletes that*
 2 *will be permitted to participate in any collegiate*
 3 *sport, or in the financial resources that the insti-*
 4 *tution will make available to any such sport,*
 5 *and the reasons for any such reduction.”; and*
 6 *(2) by striking paragraph (5).*

7 **SEC. 467. NATIONAL STUDENT LOAN DATA SYSTEM.**

8 *Section 485B(a) (20 U.S.C. 1092b(a)) is amended by*
 9 *inserting before the period at the end of the third sentence*
 10 *the following: “no later than one year after the date of en-*
 11 *actment of the Higher Education Amendments of 1997”.*

12 **SEC. 468. PROGRAM PARTICIPATION AGREEMENTS.**

13 *(a) REQUIRED CONTENT.—Section 487(a) (20 U.S.C.*
 14 *1094(a)) is amended—*

15 *(1) in the first sentence, by striking “, except*
 16 *with respect to a program under subpart 4 of part*
 17 *A,”;*

18 *(2) in paragraph (3), by striking subparagraph*
 19 *(B) and inserting the following:*

20 *“(B) the appropriate State agency;”;*

21 *(3) in paragraph (4), by striking “subsection*
 22 *(b)” and inserting “subsection (c)”;*

23 *(4) in paragraph (15), by striking “State review*
 24 *entities under subpart 1 of part H” and inserting*
 25 *“appropriate State agencies”;*

1 (5) by striking paragraph (18) and inserting the
2 *following:*

3 “(18) *The institution will meet the requirements*
4 *established pursuant to section 485(g).”; and*

5 (6) by striking paragraph (21) and inserting the
6 *following:*

7 “(21) *The institution will meet the requirements*
8 *established by the Secretary, appropriate State agen-*
9 *cies, and accrediting agencies, pursuant to part H of*
10 *this title.”.*

11 (b) *AUDITS; FINANCIAL RESPONSIBILITY.*—Section
12 487(c) is amended—

13 (1) in paragraph (1)(A)(i), by striking “*State*
14 *agencies”* and everything that follows through the
15 *semicolon and inserting “and appropriate State agen-*
16 *cies;”;*

17 (2) in paragraph (2), by striking “*subpart 3*”
18 *and inserting “subpart 2”;*

19 (3) in paragraph (4), by striking “*, after con-*
20 *sultation”* and everything that follows through “*part*
21 *H,”;* and

22 (4) in paragraph (5), by striking “*State review*”
23 *and everything that follows through “part H” and in-*
24 *serting “appropriate State agencies”.*

1 **SEC. 469. QUALITY ASSURANCE AND REGULATORY SIM-**
 2 **PLIFICATION.**

3 *Section 487A (20 U.S.C. 1094a) is amended to read*
 4 *as follows:*

5 **“SEC. 487A. QUALITY ASSURANCE AND REGULATORY SIM-**
 6 **PLIFICATION PROGRAM.**

7 *“(a) IN GENERAL.—The Secretary is authorized to se-*
 8 *lect institutions for voluntary participation in a Regu-*
 9 *latory Simplification Program that provides participating*
 10 *institutions with the opportunity to develop and implement*
 11 *an alternative management program that—*

12 *“(1) shall allow alternative methods of comply-*
 13 *ing with regulations issued with respect to parts A*
 14 *through E and G of this title;*

15 *“(2) shall not modify or waive the application of*
 16 *any requirement or other provision of this Act; and*

17 *“(3) may include a Quality Assurance Program*
 18 *through which individual schools develop and imple-*
 19 *ment their own comprehensive systems to verify stu-*
 20 *dent financial aid application data, thereby enhanc-*
 21 *ing program integrity within the student aid delivery*
 22 *system.*

23 *“(b) SELECTION CRITERIA.—The criteria for selecting*
 24 *institutions for participation in the Regulatory Simplifica-*
 25 *tion Program shall be based on criteria that include dem-*
 26 *onstrated institutional performance, as determined by the*

1 *Secretary, and shall take into consideration regulatory sim-*
 2 *plification goals, as determined by the Secretary. The selec-*
 3 *tion criteria shall ensure the participation of representa-*
 4 *tives of institutions of higher education according to size,*
 5 *mission, and geographical distribution.*

6 “(c) *REMOVAL FROM THE PROGRAM.*—*The Secretary*
 7 *is authorized to determine—*

8 “(1) *when an institution that is unable to ad-*
 9 *minister the Regulatory Simplification Program*
 10 *must be removed from such program, and*

11 “(2) *when institutions desiring to cease partici-*
 12 *pation in such Program will be required to complete*
 13 *the current award year under the requirements of the*
 14 *Program.*

15 “(d) *EXPERIMENTAL SITES.*—*The Secretary is author-*
 16 *ized to designate institutions selected for participation in*
 17 *the Regulatory Simplification Program as Experimental*
 18 *Sites.*

19 “(e) *DEFINITIONS.*—*For purposes of this section, the*
 20 *term ‘current award year’ means the award year during*
 21 *which the participating institution indicates its intention*
 22 *to cease participation.’’.*

23 **SEC. 470. DISTANCE EDUCATION DEMONSTRATION PRO-**
 24 **GRAMS.**

25 *Part G of title IV is amended—*

1 (1) *by redesignating section 487B (20 U.S.C.*
2 *1094b) as section 487C; and*

3 (2) *by inserting after section 487A (as amended*
4 *by section 469) the following new section:*

5 **“SEC. 487B. DISTANCE EDUCATION DEMONSTRATION PRO-**
6 **GRAMS.**

7 “(a) *PURPOSE.—It is the purpose of this section—*

8 *“(1) to allow demonstration programs that are*
9 *strictly monitored by the Department of Education to*
10 *test the quality and viability of expanded distance*
11 *education programs currently restricted under this*
12 *Act;*

13 *“(2) to provide for increased student access to*
14 *higher education through distance education pro-*
15 *grams;*

16 *“(3) to help determine the most effective means*
17 *of delivering quality education via distance education*
18 *course offerings; and*

19 *“(4) to help determine the appropriate level of*
20 *Federal assistance for students enrolled in distance*
21 *education programs.*

22 “(b) *DEMONSTRATION PROGRAMS AUTHORIZED.—*

23 *“(1) IN GENERAL.—The Secretary is authorized*
24 *to select institutions or a consortia of institutions for*
25 *voluntary participation in a Distance Education*

1 *Demonstration Program that provides participating*
2 *institutions with the ability to offer distance edu-*
3 *cation programs without regard to the current restric-*
4 *tions in part F or G of this title or part A of title*
5 *I.*

6 “(2) *EXEMPTIONS.*—*The Secretary is authorized*
7 *to exempt any institution or consortia participating*
8 *in a Distance Education Demonstration Program*
9 *from any of the requirements of parts F or G of this*
10 *title, or part A of title I, or the regulations prescribed*
11 *under such parts.*

12 “(c) *APPLICATION.*—*Each institution or consortia of*
13 *institutions desiring to participate in a demonstration pro-*
14 *gram under this section shall submit an application to the*
15 *Secretary at such time, in such manner, and accompanied*
16 *by such information as the Secretary may require.*

17 “(d) *SELECTION.*—*To the extent feasible, the Secretary*
18 *shall select a representative sample institutions for partici-*
19 *pation in the demonstration program authorized under this*
20 *section. In selecting institutions for participation, the Sec-*
21 *retary shall take into consideration the institution’s finan-*
22 *cial and administrative capability and the type of program*
23 *or programs being offered via distance education course of-*
24 *ferings. The Secretary shall, in the exercise of his discretion,*
25 *determine the number of demonstration programs to be al-*

1 *lowed based on the number and quality of applications re-*
 2 *ceived and the Department's capacity to oversee and mon-*
 3 *itor each demonstration program.*

4 *“(e) EVALUATION AND REPORT.—*

5 *“(1) EVALUATION.—The Secretary shall, on an*
 6 *annual basis, evaluate the demonstration programs*
 7 *authorized under this section. Such evaluations shall*
 8 *specifically review—*

9 *“(A) the quality of the programs being of-*
 10 *fered;*

11 *“(B) issues related to student financial as-*
 12 *sistance for distance education; and*

13 *“(C) effective technologies for delivering dis-*
 14 *tance education course offerings.*

15 *“(2) POLICY ANALYSIS.—In addition, the Sec-*
 16 *retary shall review current policies and identify those*
 17 *policies which present impediments to the develop-*
 18 *ment and use of distance learning and other non-*
 19 *traditional methods of expanding access to education.*

20 *“(3) REPORT.—The Secretary shall report to the*
 21 *appropriate committees of Congress with respect to—*

22 *“(A) the evaluations of the demonstration*
 23 *programs authorized under this section; and*

24 *“(B) any proposed legislative changes de-*
 25 *signed to enhance the use of distance education.”.*

1 **SEC. 471. GARNISHMENT REQUIREMENTS.**

2 (a) *MAXIMUM PERCENTAGE.*—Section 488A(a)(1) (20
3 *U.S.C. 1095a(a)(1)) is amended by striking “10 percent”*
4 *and inserting “15 percent”.*

5 (b) *NO ATTACHMENT OF STUDENT ASSISTANCE.*—Sec-
6 *tion 488A is further amended—*

7 (1) *by redesignating subsection (d) as subsection*
8 *(e); and*

9 (2) *by inserting after subsection (c) the following*
10 *new subsection:*

11 “(d) *NO ATTACHMENT OF STUDENT ASSISTANCE.*—
12 *Except as authorized in this section, notwithstanding any*
13 *other provision of Federal or State law, no grant, loan, or*
14 *work assistance awarded under this title, or property trace-*
15 *able to such assistance, shall be subject to garnishment or*
16 *attachment in order to satisfy any debt owed by the student*
17 *awarded such assistance, other than a debt owed to the Sec-*
18 *retary and arising under this title.”.*

19 **SEC. 472. ADMINISTRATIVE SUBPOENA AUTHORITY.**

20 *Part G of title IV of the Act is further amended by*
21 *inserting immediately after section 490 (20 U.S.C. 1097)*
22 *the following new section:*

23 **“SEC. 490A. ADMINISTRATIVE SUBPOENAS.**

24 “(a) *AUTHORITY.*—*To assist the Secretary in the con-*
25 *duct of investigations of possible violations of the provisions*
26 *of this title, the Secretary is authorized to require by sub-*

1 *poena the production of information, documents, reports,*
 2 *answers, records, accounts, papers, and other documentary*
 3 *evidence pertaining to participation in any program under*
 4 *this title. The production of any such records may be re-*
 5 *quired from any place in a State.*

6 “(b) *ENFORCEMENT.*—*In case of contumacy by, or re-*
 7 *fusal to obey a subpoena issued to, any person, the Sec-*
 8 *retary may request the Attorney General to invoke the aid*
 9 *of any court of the United States where such person resides*
 10 *or transacts business for a court order for the enforcement*
 11 *of this section.”.*

12 **SEC. 473. ADVISORY COMMITTEE ON STUDENT FINANCIAL**
 13 **ASSISTANCE.**

14 *Section 491 (20 U.S.C. 1098) is amended—*

15 *(1) in subsection (b)—*

16 *(A) by inserting “staffing levels,” after “al-*
 17 *locations and expenditures,” the first place it ap-*
 18 *pears; and*

19 *(B) by striking the fourth and fifth sen-*
 20 *tences and inserting the following: “Reports,*
 21 *publications, and other documents, including*
 22 *documents in electronic form, shall not be subject*
 23 *to review by the Secretary.”;*

24 *(2) in subsection (c)(1)—*

1 (A) by striking “11 members” and inserting
2 “15 members”; and

3 (B) by striking “3 members” each place it
4 appears in subparagraphs (A) and (B) and in-
5 serting “5 members”;

6 (3) in subsection (c)(2), by striking “7 members”
7 and inserting “11 members”;

8 (4) in subsection (e)—

9 (A) by striking everything after “except
10 that,” in paragraph (1) and inserting the follow-
11 ing:

12 “within 90 days after the date of enactment of the Higher
13 Education Amendments of 1998, 2 additional members
14 shall be appointed by the President pro tempore of the Sen-
15 ate (one upon the recommendation of the Majority Leader
16 and one upon the recommendation of the Minority Leader)
17 and 2 additional members shall be appointed by the Speak-
18 er of the House (one upon the recommendation of the Major-
19 ity Leader and one upon the recommendation of the Minor-
20 ity Leader). Of the additional members—

21 “(A) 2 shall be appointed for a term of 1 year;

22 “(B) 1 shall be appointed for a term of 2 years;

23 and

24 “(C) 1 shall be appointed for a term of 3 years.”;

1 (B) by striking “Six members” in para-
2 graph (4) and inserting “Eight members”; and

3 (C) by adding at the end the following new
4 paragraph:

5 “(6) No officer or full-time employee of the United
6 States shall serve as members of the Advisory Committee.”;

7 (5) by striking subsection (g) and inserting the
8 following:

9 “(g) COMPENSATION AND EXPENSES.—Members of the
10 Advisory Committee may each receive reimbursement for
11 travel expenses incident to attending Advisory Committee
12 meetings, including per diem in lieu of subsistence, as au-
13 thorized by section 5703 of title 5, United States Code, for
14 persons in the Government service employed intermit-
15 tently.”;

16 (6) in subsection (h)(1), by striking “may be
17 necessary by the Chairman without regard to” and
18 inserting “may be deemed necessary by the Chairman
19 without regard to personnel ceilings or”;

20 (7) in subsection (i), by striking “\$750,000” and
21 inserting “\$850,000”;

22 (8) by striking subsection (j) and inserting the
23 following:

24 “(j) SPECIAL ANALYSES AND ACTIVITIES.—The com-
25 mittee shall—

1 “(1) monitor and evaluate the modernization of
2 student financial aid systems and delivery processes;

3 “(2) monitor and evaluate the implementation of
4 a performance-based organization within the Depart-
5 ment of Education and report to Congress, on not less
6 than an annual basis, including recommendations for
7 improvements; and

8 “(3) assess the adequacy of current methods for
9 disseminating information about programs under this
10 title and recommend improvements, as appropriate,
11 regarding early needs assessment and information for
12 first-year high school students.”;

13 (9) in subsection (k), by striking “1998” and in-
14 serting “2004”; and

15 (10) by striking subsection (l).

16 **SEC. 474. MEETINGS AND NEGOTIATED RULEMAKING.**

17 Section 492 (20 U.S.C. 1098a) is amended to read as
18 follows:

19 **“SEC. 492. NEGOTIATED RULEMAKING.**

20 “(a) *IN GENERAL.*—

21 “(1) *REGULATION DEVELOPMENT.*—In develop-
22 ing regulations and revisions thereof under this title,
23 the Secretary shall obtain the advice and rec-
24 ommendations of individuals and representatives of
25 the groups involved in student financial assistance

1 *programs under this title, such as students, legal as-*
2 *sistance organizations that represent students, institu-*
3 *tions of higher education, guaranty agencies, lenders,*
4 *secondary markets, loan servicers, guaranty agency*
5 *servicers, and collection agencies.*

6 *“(2) INPUT.—Such advice and recommendations*
7 *may be obtained through such mechanisms as na-*
8 *tional meetings and electronic exchanges of informa-*
9 *tion.*

10 *“(b) PROPOSED REGULATIONS.—After obtaining such*
11 *advice and recommendations, and prior to publishing any*
12 *proposed regulations and revisions thereof under this title*
13 *in the Federal Register, the Secretary shall prepare draft*
14 *regulations and submit such regulations to a negotiated*
15 *rulemaking process. In establishing the negotiated rule-*
16 *making process under this section, the Secretary shall—*

17 *“(1) follow the procedural requirements used in*
18 *implementing section 1601(b) of the Elementary and*
19 *Secondary Education Act of 1965;*

20 *“(2) select participants in the negotiations proc-*
21 *ess from individuals and groups participating in the*
22 *exchanges described in subsection (a)(1), including*
23 *both representatives of such groups from the District*
24 *of Columbia, and industry participants, and to the*
25 *extent possible, the Secretary shall select individuals*

1 *reflecting the diversity in the industry, representing*
 2 *both large and small participants, as well as individ-*
 3 *uals serving local areas and national markets;*

4 *“(3) conduct the negotiations process in a timely*
 5 *manner in order that final regulations may be issued*
 6 *by the Secretary within the 240-day period described*
 7 *in section 431(g) of the General Education Provisions*
 8 *Act, and any subsequent revisions to regulations*
 9 *under this title may be issued in accordance with the*
 10 *master calendar provisions of section 482 of this title;*
 11 *and*

12 *“(4) prepare a transcript of the negotiated rule-*
 13 *making proceedings that shall be available to the pub-*
 14 *lic prior to the issuance of any final regulations.*

15 *“(c) FEDERAL ADVISORY COMMITTEE ACT.—The Fed-*
 16 *eral Advisory Committee Act shall not apply to activities*
 17 *carried out under this section.”.*

18 ***PART H—PROGRAM INTEGRITY***

19 ***SEC. 476. STATE POSTSECONDARY REVIEW PROGRAM.***

20 *(a) AMENDMENTS.—Part H of title IV is amended—*

21 *(1) in the heading of the part, by striking*
 22 ***“TRIAD”***;

23 *(2) by striking subpart 1 (20 U.S.C. 1099a*
 24 *through 1099a-3); and*

1 (3) *by redesignating subparts 2 and 3 as sub-*
 2 *parts 1 and 2, respectively.*

3 (b) *CONFORMING AMENDMENTS.—Section 496 (20*
 4 *U.S.C. 1099b) is amended by striking “subpart 3” each*
 5 *place it appears in subsections (j) and (k) and inserting*
 6 *“subpart 2”.*

7 **SEC. 477. ACCREDITING AGENCY RECOGNITION.**

8 (a) *RECOGNITION.—*

9 (1) *The heading of subpart 1 of part H (as re-*
 10 *designated by section 476(a)(3)) is amended by strik-*
 11 *ing “**Approval**” and inserting “**Recognition**”.*

12 (2) *The heading of section 496 is amended by*
 13 *striking “**APPROVAL**” and inserting “**RECOGNI-***
 14 ***TION**”.*

15 (b) *STANDARDS.—Section 496(a) is amended—*

16 (1) *by striking “STANDARDS” and inserting*
 17 *“CRITERIA”;*

18 (2) *by striking “standards” each place it ap-*
 19 *pears and inserting “criteria”;*

20 (3) *in paragraph (5)—*

21 (A) *by striking “of accreditation” and in-*
 22 *serting “for accreditation”;*

23 (B) *by inserting “the quality (including the*
 24 *quality of distance learning programs or courses)*
 25 *of” before “the institution’s”;*

1 (C) in subparagraph (G), by striking “pro-
 2 gram length and tuition and fees in relation to
 3 the subject matters taught” and inserting “meas-
 4 ures of program length”;

5 (D) by striking subparagraph (J);

6 (E) in subparagraph (L), by inserting “the
 7 most recent student loan default rate data pro-
 8 vided by the Secretary and” after “including”;

9 (F) by striking “and” at the end of sub-
 10 paragraph (K);

11 (G) by inserting “and” after the semicolon
 12 at the end of subparagraph (L);

13 (H) by redesignating subparagraphs (K)
 14 and (L) as subparagraphs (J) and (K), respec-
 15 tively;

16 (I) by inserting after subparagraph (K) (as
 17 so redesignated) the following new subparagraph:

18 “(L) refund policy;”; and

19 (J) by striking “(J), and (L)” and inserting
 20 “(K) and (L)”;

21 (4) in paragraph (7), by striking “State post-
 22 secondary review entity” and inserting “State licens-
 23 ing or authorizing agency”; and

24 (5) in paragraph (8), by striking “State post-
 25 secondary” and everything that follows through “is lo-

1 *cated” and inserting “State licensing or authorizing*
2 *agency”.*

3 (c) *OPERATING PROCEDURES.—Section 496(c) is*
4 *amended—*

5 (1) *by striking “approved by the Secretary” and*
6 *inserting “recognized by the Secretary”;*

7 (2) *in paragraph (1), by striking “(at least” and*
8 *everything that follows through “unannounced),” and*
9 *inserting “(which may include unannounced site vis-*
10 *its)”;* *and*

11 (3) *in paragraph (3), by inserting before the*
12 *semicolon at the end the following: “, except that new*
13 *sites offered through telecommunications for programs*
14 *previously included in the scope of accreditation ap-*
15 *proval need not be subject to such on-site visits”.*

16 (d) *CONFORMING AMENDMENTS.—Section 496 is fur-*
17 *ther amended—*

18 (1) *in subsection (d)—*

19 (A) *by striking “APPROVAL” in the heading*
20 *of such subsection and inserting “RECOGNITION”;*
21 *and*

22 (B) *by striking “approved” and inserting*
23 *“recognized”;*

24 (2) *in subsection (f), by striking “approved” and*
25 *inserting “recognized”;*

1 (3) in subsection (g)—

2 (A) by striking “STANDARDS” and inserting
3 “CRITERIA”; and

4 (B) by striking “standards” and inserting
5 “criteria”;

6 (4) in subsection (k)(2), by striking “standards”
7 and inserting “criteria”;

8 (5) in subsection (l)—

9 (A) by striking “APPROVAL” in the heading
10 of such subsection and inserting “RECOGNITION”;

11 (B) by striking “the standards” each place
12 it appears and inserting “its standards”; and

13 (C) by striking “approval” and inserting
14 “recognition”; and

15 (6) in subsection (n)—

16 (A) by striking “standards” each place it
17 appears and inserting “criteria”;

18 (B) in paragraph (3)—

19 (i) by striking “approval or dis-
20 approval” and inserting “recognition or de-
21 nial of recognition”; and

22 (ii) by striking “approval process” and
23 inserting “recognition process”; and

24 (C) by striking paragraph (4) and inserting
25 the following:

1 “(4) *The Secretary shall maintain sufficient docu-*
 2 *mentation to support the conclusions reached in the recogni-*
 3 *tion process, and, if the Secretary does not recognize any*
 4 *accreditation agency or association, shall make publicly*
 5 *available the reason for denying recognition, including ref-*
 6 *erence to the specific criteria under this section which have*
 7 *not been fulfilled.”.*

8 **SEC. 478. ELIGIBILITY AND CERTIFICATION PROCEDURES.**

9 (a) *SINGLE APPLICATION FORM.*—Section 498(b)(1)
 10 (20 U.S.C. 1099c(b)(1)) is amended by striking “accredita-
 11 tion, and capability” and inserting “accreditation, finan-
 12 cial responsibility, and administrative capacity”.

13 (b) *FINANCIAL RESPONSIBILITY STANDARDS.*—Section
 14 498(c) is amended—

15 (1) in paragraph (1), in the matter preceding
 16 subparagraph (A), by striking “is able” and inserting
 17 “has sufficient resources to ensure against the precipi-
 18 tous closure of the institution and is able”;

19 (2) in paragraph (2)—

20 (A) in the first sentence, by striking “oper-
 21 ating losses, net worth, asset-to-liabilities ratios,
 22 or operating fund deficits” and inserting “to ra-
 23 tios that demonstrate financial responsibility,”;

24 (B) in the second sentence, by inserting “,
 25 public,” after “for profit”; and

1 (C) by inserting before the period at the end
2 the following: “, and develop an appropriate and
3 cost effective process under this subpart that does
4 not duplicate other reporting requirements for
5 assessing and reviewing financial responsibil-
6 ity”; and

7 (3) in paragraph (4)—

8 (A) in the first sentence, by striking “ratio
9 of current assets to current liabilities” and in-
10 serting “criteria”; and

11 (B) in subparagraph (C), by striking “cur-
12 rent operating ratio requirement” and inserting
13 “criteria imposed by the Secretary pursuant to
14 paragraph (2)”.

15 (c) *ADMINISTRATIVE CAPACITY*.—Section 498(d)(1) is
16 amended—

17 (1) in subparagraph (A), by striking “student
18 aid programs; and” and inserting “student financial
19 assistance under this title;”;

20 (2) by redesignating subparagraph (B) as sub-
21 paragraph (D); and

22 (3) by inserting after subparagraph (A) the fol-
23 lowing new subparagraphs:

24 “(B) written procedures for, or written in-
25 formation relating to, each office with respect to,

1 *the approval, disbursement, and delivery of stu-*
2 *dent financial assistance under this title;*

3 “(C)(i) *a division of functions for authoriz-*
4 *ing payments of student financial assistance*
5 *under this title and the disbursement or delivery*
6 *of such assistance, so that no office at the institu-*
7 *tion has responsibility for both functions; and*

8 “(ii) *an adequate system of checks and bal-*
9 *ances for internal control at the institution with*
10 *respect to student financial assistance under this*
11 *title; and”.*

12 (d) *ACTIONS ON APPLICATIONS.*—Section 498(f) *is*
13 *amended—*

14 (1) *by striking “shall conduct” and inserting*
15 *“may conduct”;*

16 (2) *by striking “may establish” and inserting*
17 *“shall establish”;*

18 (3) *by striking “may coordinate” and inserting*
19 *“shall, to the extent practicable, coordinate”; and*

20 (4) *by adding at the end the following new sen-*
21 *tence: “The Secretary may exempt from the site visit*
22 *requirement any institution that is participating in*
23 *the Quality Assurance Program established under sec-*
24 *tion 487A at the time such site visit would be re-*
25 *quired under this subsection.”.*

1 (e) *TIME LIMITATIONS*.—Section 498(g) is amended to
2 read as follows:

3 “(g) *TIME LIMITATIONS*.—(1) *After the expiration of*
4 *the certification of any institution or upon request for ini-*
5 *tial certification from an institution not previously cer-*
6 *tified, the Secretary may certify the eligibility for the pur-*
7 *poses of any program authorized under this title of each*
8 *such institution for a period not to exceed 6 years.*

9 “(2) *The Secretary shall notify each institution of the*
10 *expiration of its eligibility no later than six months prior*
11 *to such expiration.*”.

12 (f) *CONFORMING AMENDMENT*.—Section 498(h)(2) is
13 amended by striking “approval” and inserting “recog-
14 nition”.

15 (g) *PROVISIONAL CERTIFICATION*.—Section 498(i) is
16 amended by adding at the end the following new paragraph:

17 “(4)(A) *The Secretary may provisionally certify an in-*
18 *stitution seeking approval of a change in ownership based*
19 *on the preliminary review by the Secretary of a materially*
20 *complete application that is received by the Secretary with-*
21 *in 10 business days of the transaction for which the ap-*
22 *proval is sought.*

23 “(B) *A provisional certification under this paragraph*
24 *shall expire no later than the end of the month following*
25 *the month in which the transaction occurred, except that*

1 *if the Secretary has not issued a decision on the application*
 2 *for the change of ownership within that period, the Sec-*
 3 *retary may continue such provisional certification on a*
 4 *month-to-month basis until such decision has been issued.”.*

5 **SEC. 479. PROGRAM REVIEW AND DATA.**

6 (a) *GENERAL AUTHORITY.*—Section 498A(a) (20
 7 *U.S.C. 1099c–1(a)) is amended—*

8 (1) *in paragraph (2)—*

9 (A) *by striking “may give” and inserting*
 10 *“shall give”;*

11 (B) *by inserting before the semicolon at the*
 12 *end of subparagraph (C) the following: “, that*
 13 *are not accounted for by changes in those pro-*
 14 *grams”;*

15 (C) *in subparagraph (D), by striking “the*
 16 *appropriate” and everything that follows through*
 17 *“of this part” and inserting “the State licensing*
 18 *or authorizing agency”;*

19 (D) *by striking subparagraph (F); and*

20 (E) *by redesignating subparagraph (G) as*
 21 *subparagraph (F); and*

22 (2) *in paragraph (3)(A), by inserting “relevant”*
 23 *after “all”.*

24 (b) *SPECIAL ADMINISTRATIVE RULES.*—Section
 25 *498A(b) is amended to read as follows:*

1 “(b) *SPECIAL ADMINISTRATIVE RULES.*—(1) *In carry-*
 2 *ing out paragraphs (1) and (2) of subsection (a), the Sec-*
 3 *retary shall—*

4 “(A) *establish guidelines designed to ensure uni-*
 5 *formity of practice in the conduct of program reviews*
 6 *of institutions; and*

7 “(B) *inform the appropriate State agency and*
 8 *accrediting agency or association whenever taking ac-*
 9 *tion against an institution under this section, section*
 10 *498, or section 432.*

11 “(2) *The Secretary shall review the regulations of the*
 12 *Department and the application of such regulations to en-*
 13 *sure the uniformity of interpretation and application of the*
 14 *regulations. In conducting such review, the Secretary shall*
 15 *consult with relevant representatives of institutions partici-*
 16 *pating in the programs authorized by this title.”.*

17 ***TITLE V—DEVELOPING***
 18 ***INSTITUTIONS***

19 ***SEC. 501. ESTABLISHMENT OF NEW TITLE V.***

20 *Title V is amended to read as follows:*

**“TITLE V—DEVELOPING
INSTITUTIONS**

“PART A—HISPANIC-SERVING INSTITUTIONS

“SEC. 501. PROGRAM AUTHORIZED.

“The Secretary shall provide grants and related assistance to Hispanic-serving institutions to enable such institutions to improve and expand their capacity to serve Hispanic and other low-income students.

“SEC. 502. ELIGIBILITY; DEFINITIONS.

“(a) DEFINITIONS.—For the purpose of this part:

“(1) HISPANIC-SERVING INSTITUTION.—The term ‘Hispanic-serving institution’ means an institution of higher education which—

“(A) is an eligible institution;

“(B) at the time of application, has an enrollment of undergraduate full-time equivalent students that is at least 25 percent Hispanic students; and

“(C) provides assurances that not less than 50 percent of its Hispanic students are low-income individuals.

“(2) ELIGIBLE INSTITUTION.—The term ‘eligible institution’ means—

“(A) an institution of higher education—

1 “(i) which has an enrollment of needy
2 students as required by subsection (b) of this
3 section;

4 “(ii) except as provided in section
5 522(b), the average educational and general
6 expenditures of which are low, per full-time
7 equivalent undergraduate student, in com-
8 parison with the average educational and
9 general expenditures per full-time equiva-
10 lent undergraduate student of institutions
11 that offer similar instruction;

12 “(iii) which is—

13 “(I) legally authorized to provide,
14 and provides within the State, an edu-
15 cational program for which such insti-
16 tution awards a bachelor’s degree; or

17 “(II) a junior or community col-
18 lege;

19 “(iv) which is accredited by a nation-
20 ally recognized accrediting agency or asso-
21 ciation determined by the Secretary to be
22 reliable authority as to the quality of train-
23 ing offered or which is, according to such an
24 agency or association, making reasonable
25 progress toward accreditation;

1 “(v) which meets such other require-
2 ments as the Secretary may prescribe; and

3 “(vi) which is located in a State; and

4 “(B) any branch of any institution of high-
5 er education described under subparagraph (A)
6 which by itself satisfies the requirements con-
7 tained in clauses (i) and (ii) of such subpara-
8 graph.

9 For purposes of the determination of whether an in-
10 stitution is an eligible institution under this para-
11 graph, the factor described under subparagraph (A)(i)
12 shall be given twice the weight of the factor described
13 under subparagraph (A)(ii).

14 “(3) *LOW-INCOME INDIVIDUAL*.—The term ‘low-
15 income individual’ means an individual from a fam-
16 ily whose taxable income for the preceding year did
17 not exceed 150 percent of an amount equal to the pov-
18 erty level determined by using criteria of poverty es-
19 tablished by the Bureau of the Census.

20 “(4) *FULL-TIME EQUIVALENT STUDENTS*.—The
21 term ‘full-time equivalent students’ means the sum of
22 the number of students enrolled full time at an insti-
23 tution, plus the full-time equivalent of the number of
24 students enrolled part time (determined on the basis

1 *of the quotient of the sum of the credit hours of all*
2 *part-time students divided by 12) at such institution.*

3 “(5) *JUNIOR OR COMMUNITY COLLEGE.—The*
4 *term ‘junior or community college’ means an institu-*
5 *tion of higher education—*

6 “(A) *that admits as regular students per-*
7 *sons who are beyond the age of compulsory school*
8 *attendance in the State in which the institution*
9 *is located and who have the ability to benefit*
10 *from the training offered by the institution;*

11 “(B) *that does not provide an educational*
12 *program for which it awards a bachelor’s degree*
13 *(or an equivalent degree); and*

14 “(C) *that—*

15 “(i) *provides an educational program*
16 *of not less than 2 years that is acceptable*
17 *for full credit toward such a degree, or*

18 “(ii) *offers a 2-year program in engi-*
19 *neering, mathematics, or the physical or bi-*
20 *ological sciences, designed to prepare a stu-*
21 *dent to work as a technician or at the*
22 *semiprofessional level in engineering, sci-*
23 *entific, or other technological fields requir-*
24 *ing the understanding and application of*

1 *basic engineering, scientific, or mathemati-*
2 *cal principles of knowledge.*

3 “(6) *EDUCATIONAL AND GENERAL EXPENDI-*
4 *TURES.—For the purpose of this part, the term ‘edu-*
5 *cational and general expenditures’ means the total*
6 *amount expended by an institution of higher edu-*
7 *cation for instruction, research, public service, aca-*
8 *demic support (including library expenditures), stu-*
9 *dent services, institutional support, scholarships and*
10 *fellowships, operation and maintenance expenditures*
11 *for the physical plant, and any mandatory transfers*
12 *which the institution is required to pay by law.*

13 “(7) *ENDOWMENT FUND.—For the purpose of*
14 *this part, the term ‘endowment fund’ means a fund*
15 *that—*

16 “(A) *is established by State law, by an in-*
17 *stitution of higher education, or by a foundation*
18 *that is exempt from Federal income taxation;*

19 “(B) *is maintained for the purpose of gener-*
20 *ating income for the support of the institution;*
21 *and*

22 “(C) *does not include real estate.*

23 “(b) *ENROLLMENT OF NEEDY STUDENTS.—For the*
24 *purpose of this part, the term ‘enrollment of needy students’*

1 *means an enrollment at an institution of higher education*
 2 *or a junior or community college which includes—*

3 “(1) *at least 50 percent of the degree students so*
 4 *enrolled who are receiving need-based assistance*
 5 *under title IV of this Act in the second fiscal year*
 6 *preceding the fiscal year for which the determination*
 7 *is being made (other than loans for which an interest*
 8 *subsidy is paid pursuant to section 428), or*

9 “(2) *a substantial percentage of students receiv-*
 10 *ing Pell Grants in the second fiscal year preceding*
 11 *the fiscal year for which determination is being made,*
 12 *in comparison with the percentage of students receiv-*
 13 *ing Pell Grants at all such institutions in the second*
 14 *fiscal year preceding the fiscal year for which the de-*
 15 *termination is made, unless the requirement of this*
 16 *subdivision is waived under section 522(a).*

17 **“SEC. 503. AUTHORIZED ACTIVITIES.**

18 “(a) *TYPES OF ACTIVITIES AUTHORIZED.—Grants*
 19 *awarded under this part shall be used by Hispanic-serving*
 20 *institutions of higher education to assist such institutions*
 21 *to plan, develop, undertake, and carry out programs.*

22 “(b) *AUTHORIZED ACTIVITIES.—Grants awarded*
 23 *under this section shall be used for one or more of the follow-*
 24 *ing activities:*

1 “(1) purchase, rental, or lease of scientific or lab-
2 oratory equipment for educational purposes, includ-
3 ing instructional and research purposes;

4 “(2) construction, maintenance, renovation, and
5 improvement in classrooms, libraries, laboratories,
6 and other instructional facilities;

7 “(3) support of faculty exchanges, faculty devel-
8 opment, curriculum development, academic instruc-
9 tion, and faculty fellowships to assist in attaining ad-
10 vanced degrees in their field of instruction;

11 “(4) purchase of library books, periodicals, and
12 other educational materials, including telecommuni-
13 cations program material;

14 “(5) tutoring, counseling, and student service
15 programs designed to improve academic success;

16 “(6) funds management, administrative manage-
17 ment, and acquisition of equipment for use in
18 strengthening funds management;

19 “(7) joint use of facilities, such as laboratories
20 and libraries;

21 “(8) establishing or improving a development of-
22 fice to strengthen or improve contributions from
23 alumni and the private sector;

24 “(9) establishing or improving an endowment
25 fund;

1 “(10) *creating or improving facilities for Inter-*
 2 *net or other distance learning academic instruction*
 3 *capabilities, including purchase or rental of tele-*
 4 *communications technology equipment or services;*

5 “(11) *establishing or enhancing a program of*
 6 *teacher education designed to qualify students to teach*
 7 *in public elementary and secondary schools;*

8 “(12) *establishing community outreach programs*
 9 *which will encourage elementary and secondary school*
 10 *students to develop academic skills and the interest to*
 11 *pursue postsecondary education;*

12 “(13) *improving and expanding graduate and*
 13 *professional opportunities for Hispanic students; and*

14 “(14) *other activities proposed in the application*
 15 *submitted pursuant to section 504 that—*

16 “(A) *contribute to carrying out the purposes*
 17 *of this section; and*

18 “(B) *are approved by the Secretary as part*
 19 *of the review and acceptance of such application.*

20 “(c) *ENDOWMENT FUND LIMITATIONS.—*

21 “(1) *PORTION OF GRANT.—An institution may*
 22 *not use more than 20 percent of its grant under this*
 23 *part for any fiscal year for establishing or improving*
 24 *an endowment fund.*

1 “(2) *MATCHING REQUIRED.*—*An institution that*
 2 *uses any portion of its grant under this part for any*
 3 *fiscal year for establishing or improving an endow-*
 4 *ment fund shall provide an equal or greater amount*
 5 *for such purposes from non-Federal funds.*

6 “(3) *REGULATIONS.*—*The Secretary shall publish*
 7 *rules and regulations specifically governing the use of*
 8 *funds for establishing or improving an endowment*
 9 *fund.*

10 **“SEC. 504. APPLICATION PROCESS.**

11 “(a) *INSTITUTIONAL ELIGIBILITY.*—*Each Hispanic-*
 12 *serving institution desiring to receive assistance under this*
 13 *part shall submit to the Secretary such enrollment data as*
 14 *may be necessary to demonstrate that it is a Hispanic-serv-*
 15 *ing institution, along with such other information and data*
 16 *as the Secretary may by regulation require.*

17 “(b) *APPLICATIONS.*—*Any institution which is deter-*
 18 *mined by the Secretary to be a Hispanic-serving institution*
 19 *(on the basis of the information and data submitted under*
 20 *subsection (a)) may submit an application for assistance*
 21 *under this section to the Secretary. Such application shall*
 22 *include—*

23 “(1) *a 5-year plan for improving the assistance*
 24 *provided by the Hispanic-serving institution to His-*
 25 *panic and other low-income students; and*

1 “(2) *such other information and assurance as the*
2 *Secretary may require.*

3 “(c) *PRIORITY.—The Secretary shall give priority to*
4 *applications that contain satisfactory evidence that such in-*
5 *stitution has entered into or will enter into a collaborative*
6 *arrangement with at least one local educational agency or*
7 *community-based organization having demonstrated effec-*
8 *tiveness to provide such agency with assistance (from funds*
9 *other than funds provided under this part) in reducing His-*
10 *panic dropout rates, improving Hispanic rates of academic*
11 *achievement, and increasing the rates at which Hispanic*
12 *high school graduates enroll in higher education.*

13 “(d) *SPECIAL RULE.—For the purposes of this part,*
14 *no Hispanic-serving college or university which is eligible*
15 *for and receives funds under this part may concurrently*
16 *receive other funds under title III.*

17 **“SEC. 505. DURATION OF GRANT.**

18 “(a) *AWARD PERIOD.—The Secretary may award a*
19 *grant to an eligible institution under this part for 5 years,*
20 *except that no institution shall be eligible to secure a subse-*
21 *quent 5-year grant award under this part until two years*
22 *have elapsed since the expiration of its most recent 5-year*
23 *grant award.*

24 “(b) *LIMITATIONS.—In awarding grants under this*
25 *part the Secretary shall give priority to applicants who are*

1 *not already receiving a grant under this part, except that*
 2 *for the purpose of this subsection a grant under section*
 3 *524(a)(1) shall not be considered a grant under this part.*

4 “(c) *PLANNING GRANTS.*—Notwithstanding subsection
 5 (a), the Secretary may award a grant to an eligible institu-
 6 tion under this part for a period of one year for the purpose
 7 of preparation of plans and applications for a grant under
 8 this part.

9 **“PART B—GENERAL PROVISIONS**

10 **“SEC. 521. APPLICATIONS FOR ASSISTANCE.**

11 “(a) *APPLICATIONS.*—

12 “(1) *APPLICATIONS REQUIRED.*—Any institution
 13 which is eligible for assistance under this title shall
 14 submit to the Secretary an application for assistance
 15 at such time, in such form, and containing such in-
 16 formation, as may be necessary to enable the Sec-
 17 retary to evaluate its need for assistance. Subject to
 18 the availability of appropriations to carry out this
 19 title, the Secretary may approve an application for a
 20 grant under this title only if the Secretary determines
 21 that—

22 “(A) the application meets the requirements
 23 of subsection (b);

1 “(B) the applicant is eligible for assistance
2 in accordance with the part of this title under
3 which the assistance is sought; and

4 “(C) the applicant’s performance goals are
5 sufficiently rigorous as to meet the purposes of
6 this title and the performance objectives and in-
7 dicators for this title established by the Secretary
8 pursuant to the Government Performance and
9 Results Act.

10 “(2) PRELIMINARY APPLICATIONS.—In carrying
11 out paragraph (1), the Secretary shall develop a pre-
12 liminary application for use by eligible institutions
13 applying under part A prior to the submission of the
14 principal application.

15 “(b) CONTENTS.—An institution, in its application for
16 a grant, shall—

17 “(1) set forth, or describe how the institution will
18 develop, a comprehensive development plan to
19 strengthen the institution’s academic quality and in-
20 stitutional management, and otherwise provide for in-
21 stitutional self-sufficiency and growth (including
22 measurable objectives for the institution and the Sec-
23 retary to use in monitoring the effectiveness of activi-
24 ties under this title);

1 “(2) set forth policies and procedures to ensure
2 that Federal funds made available under this title for
3 any fiscal year will be used to supplement and, to the
4 extent practical, increase the funds that would other-
5 wise be made available for the purposes of section
6 503, and in no case supplant those funds;

7 “(3) set forth policies and procedures for evaluat-
8 ing the effectiveness in accomplishing the purpose of
9 the activities for which a grant is sought under this
10 title;

11 “(4) provide for such fiscal control and fund ac-
12 counting procedures as may be necessary to ensure
13 proper disbursement of and accounting for funds
14 made available to the applicant under this title;

15 “(5) provide (A) for making such reports, in
16 such form and containing such information, as the
17 Secretary may require to carry out the functions
18 under this title and the Government Performance and
19 Results Act, including not less than one report annu-
20 ally setting forth the institution’s progress toward
21 achieving the objectives for which the funds were
22 awarded, and (B) for keeping such records and af-
23 fording such access thereto, as the Secretary may find
24 necessary to assure the correctness and verification of
25 such reports;

1 “(6) provide that the institution will comply
2 with the limitations set forth in section 526;

3 “(7) describe in a comprehensive manner any
4 proposed project for which funds are sought under the
5 application and include—

6 “(A) a description of the various compo-
7 nents of the proposed project, including the esti-
8 mated time required to complete each such com-
9 ponent;

10 “(B) in the case of any development project
11 which consists of several components (as de-
12 scribed by the applicant pursuant to subpara-
13 graph (A)), a statement identifying those compo-
14 nents which, if separately funded, would be
15 sound investments of Federal funds and those
16 components which would be sound investments of
17 Federal funds only if funded under this title in
18 conjunction with other parts of the development
19 project (as specified by the applicant);

20 “(C) an evaluation by the applicant of the
21 priority given any proposed project for which
22 funds are sought in relation to any other projects
23 for which funds are sought by the applicant
24 under this title, and a similar evaluation re-
25 garding priorities among the components of any

1 single proposed project (as described by the ap-
2 plicant pursuant to subparagraph (A));

3 “(D) a detailed budget showing the manner
4 in which funds for any proposed project would
5 be spent by the applicant; and

6 “(E) a detailed description of any activity
7 which involves the expenditure of more than
8 \$25,000, as identified in the budget referred to in
9 subparagraph (D); and

10 “(8) include such other information as the Sec-
11 retary may prescribe.

12 “(c) *PRIORITY CRITERIA PUBLICATION REQUIRED.*—
13 *The Secretary shall publish in the Federal Register, pursu-*
14 *ant to chapter 5 of title 5, United States Code, all policies*
15 *and procedures required to exercise the authority set forth*
16 *in subsection (a). No other criteria, policies, or procedures*
17 *shall apply.*

18 “(d) *ELIGIBILITY DATA.*—*The Secretary shall use the*
19 *most recent and relevant data concerning the number and*
20 *percentage of students receiving need-based assistance under*
21 *title IV of this Act in making eligibility determinations and*
22 *shall advance the base-year forward following each annual*
23 *grant cycle.*

1 **“SEC. 522. WAIVER AUTHORITY AND REPORTING REQUIRE-**
 2 **MENT.**

3 “(a) *WAIVER REQUIREMENTS; NEED-BASED ASSIST-*
 4 *ANCE STUDENTS.*—*The Secretary may waive the require-*
 5 *ments set forth in section 502(a)(2)(A)(i) in the case of an*
 6 *institution—*

7 “(1) *which is extensively subsidized by the State*
 8 *in which it is located and charges low or no tuition;*

9 “(2) *which serves a substantial number of low-*
 10 *income students as a percentage of its total student*
 11 *population;*

12 “(3) *which is contributing substantially to in-*
 13 *creasing higher education opportunities for education-*
 14 *ally disadvantaged, underrepresented, or minority*
 15 *students, who are low-income individuals;*

16 “(4) *which is substantially increasing higher*
 17 *educational opportunities for individuals in rural or*
 18 *other isolated areas which are unserved by postsecond-*
 19 *ary institutions; or*

20 “(5) *wherever located, if the Secretary determines*
 21 *that the waiver will substantially increase higher edu-*
 22 *cation opportunities appropriate to the needs of His-*
 23 *panic Americans.*

24 “(b) *WAIVER DETERMINATIONS; EXPENDITURES.*—(1)
 25 *The Secretary may waive the requirements set forth in sec-*
 26 *tion 502(a)(2)(A)(ii) if the Secretary determines, based on*

1 *persuasive evidence submitted by the institution, that the*
 2 *institution's failure to meet that criterion is due to factors*
 3 *which, when used in the determination of compliance with*
 4 *such criterion, distort such determination, and that the in-*
 5 *stitution's designation as an eligible institution under part*
 6 *A is otherwise consistent with the purposes of such part.*

7 “(2) *The Secretary shall submit to the Congress every*
 8 *other year a report concerning the institutions which, al-*
 9 *though not satisfying the criterion contained in section*
 10 *502(a)(2)(A)(ii), have been determined to be eligible institu-*
 11 *tions under part A institutions which enroll significant*
 12 *numbers of Black American, Hispanic, Native American,*
 13 *Asian American, or Native Hawaiian students under part*
 14 *A, as the case may be. Such report shall—*

15 “(A) *identify the factors referred to in paragraph*
 16 *(1) which were considered by the Secretary as factors*
 17 *that distorted the determination of compliance with*
 18 *section 502(a)(2)(A)(ii); and*

19 “(B) *contain a list of each institution deter-*
 20 *mined to be an eligible institution under part A in-*
 21 *cluding a statement of the reasons for each such deter-*
 22 *mination.*

23 **“SEC. 523. APPLICATION REVIEW PROCESS.**

24 “(a) *REVIEW PANEL.—All applications submitted*
 25 *under this title by institutions of higher education shall be*

1 read by a panel of readers composed of individuals selected
 2 by the Secretary. The Secretary shall assure that no indi-
 3 vidual assigned under this section to review any applica-
 4 tion has any conflict of interest with regard to the applica-
 5 tion which might impair the impartiality with which the
 6 individual conducts the review under this section.

7 “(2) All readers selected by the Secretary shall receive
 8 thorough instruction from the Secretary regarding the eval-
 9 uation process for applications submitted under this title
 10 and consistent with the provisions of this title, including—

11 “(A) an enumeration of the factors to be used to
 12 determine the quality of applications submitted under
 13 this title; and

14 “(B) an enumeration of the factors to be used to
 15 determine whether a grant should be awarded for a
 16 project under this title, the amount of any such grant,
 17 and the duration of any such grant.

18 “(b) *RECOMMENDATIONS OF PANEL.*—In awarding
 19 grants under this title, the Secretary shall take into consid-
 20 eration the recommendations of the panel made under sub-
 21 section (a).

22 “(c) *NOTIFICATION.*—Not later than June 30 of each
 23 year, the Secretary shall notify each institution of higher
 24 education making an application under this title of—

1 “(1) *the scores given the applicant by the panel*
2 *pursuant to this section;*

3 “(2) *the recommendations of the panel with re-*
4 *spect to such application; and*

5 “(3) *the reasons for the decision of the Secretary*
6 *in awarding or refusing to award a grant under this*
7 *title, and any modifications, if any, in the rec-*
8 *ommendations of the panel made by the Secretary.*

9 **“SEC. 524. COOPERATIVE ARRANGEMENTS.**

10 “(a) *GENERAL AUTHORITY.—The Secretary may make*
11 *grants to encourage cooperative arrangements with funds*
12 *available to carry out part A, between institutions eligible*
13 *for assistance under part A and between such institutions*
14 *and institutions not receiving assistance under this title for*
15 *the activities described in section 503 so that the resources*
16 *of the cooperating institutions might be combined and*
17 *shared to achieve the purposes of such part and avoid costly*
18 *duplicative efforts and to enhance the development of part*
19 *A eligible institutions.*

20 “(b) *PRIORITY.—The Secretary shall give priority to*
21 *grants for the purposes described under subsection (a) when-*
22 *ever the Secretary determines that the cooperative arrange-*
23 *ment is geographically and economically sound or will ben-*
24 *efit the applicant institution.*

1 “(c) *DURATION.*—*Grants to institutions having a co-*
 2 *operative arrangement may be made under this section for*
 3 *a period as determined under section 505.*

4 **“SEC. 525. ASSISTANCE TO INSTITUTIONS UNDER OTHER**
 5 **PROGRAMS.**

6 “(a) *ASSISTANCE ELIGIBILITY.*—*Each institution*
 7 *which the Secretary determines to be an institution eligible*
 8 *under part A may be eligible for waivers in accordance with*
 9 *subsection (b).*

10 “(b) *WAIVER APPLICABILITY.*—(1) *Subject to, and in*
 11 *accordance with, regulations promulgated for the purpose*
 12 *of this section, in the case of any application by an institu-*
 13 *tion referred to in subsection (a) for assistance under any*
 14 *programs specified in paragraph (2), the Secretary is au-*
 15 *thorized, if such application is otherwise approvable, to*
 16 *waive any requirement for a non-Federal share of the cost*
 17 *of the program or project, or, to the extent not inconsistent*
 18 *with other law, to give, or require to be given, priority con-*
 19 *sideration of the application in relation to applications*
 20 *from other institutions.*

21 “(2) *The provisions of this section shall apply to any*
 22 *program authorized by title IV or VII of this Act.*

23 “(c) *LIMITATION.*—*The Secretary shall not waive,*
 24 *under subsection (b), the non-Federal share requirement for*
 25 *any program for applications which, if approved, would re-*

1 *quire the expenditure of more than 10 percent of the appro-*
2 *priations for the program for any fiscal year.*

3 **“SEC. 526. LIMITATIONS.**

4 *The funds appropriated under section 528 may not be*
5 *used—*

6 *“(1) for a school or department of divinity or*
7 *any religious worship or sectarian activity;*

8 *“(2) for an activity that is inconsistent with a*
9 *State plan for desegregation of higher education ap-*
10 *plicable to such institution;*

11 *“(3) for an activity that is inconsistent with a*
12 *State plan of higher education applicable to such in-*
13 *stitution; or*

14 *“(4) for purposes other than the purposes set*
15 *forth in the approved application under which the*
16 *funds were made available to the institution.*

17 **“SEC. 527. PENALTIES.**

18 *Whoever, being an officer, director, agent, or employee*
19 *of, or connected in any capacity with, any recipient of Fed-*
20 *eral financial assistance or grant pursuant to this title em-*
21 *bezzles, willfully misapplies, steals, or obtains by fraud any*
22 *of the funds which are the subject of such grant or assist-*
23 *ance, shall be fined not more than \$10,000 or imprisoned*
24 *for not more than 2 years, or both.*

1 **“SEC. 528. AUTHORIZATIONS OF APPROPRIATIONS.**

2 “(a) *AUTHORIZATIONS.*—*There are authorized to be*
3 *appropriated to carry out part A, \$80,000,000 for fiscal*
4 *year 1999, and such sums as may be necessary for each*
5 *of the 4 succeeding fiscal years.*

6 “(b) *USE OF MULTIPLE YEAR AWARDS.*—*In the event*
7 *of a multiple year award to any institution under this title,*
8 *the Secretary shall make funds available for such award*
9 *from funds appropriated for this title for the fiscal year*
10 *in which such funds are to be used by the recipient.”.*

11 **TITLE VI—INTERNATIONAL AND**
12 **GRADUATE EDUCATION PRO-**
13 **GRAMS**

14 **SEC. 601. INTERNATIONAL AND FOREIGN LANGUAGE**
15 **STUDIES.**

16 (a) *STATUTORY STRUCTURE.*—*Title VI is amended—*
17 (1) *by striking*

18 **“PART A—INTERNATIONAL AND FOREIGN**
19 **LANGUAGE STUDIES”**

20 *and inserting the following:*

21 **“PART A—INTERNATIONAL EDUCATION**

22 **“Subpart 1—International and Foreign Language**
23 **Studies”;**

24 (2) *by striking*

1 **“PART B—BUSINESS AND INTERNATIONAL**
 2 **EDUCATION PROGRAMS”**

3 *and inserting the following:*

4 **“Subpart 2—Business and International Education**
 5 **Programs”;**

6 *(3) by striking*

7 **“PART C—INSTITUTE FOR INTERNATIONAL**
 8 **PUBLIC POLICY”**

9 *and inserting the following:*

10 **“Subpart 3—Institute for International Public**
 11 **Policy”;** *and*

12 *(4) by striking*

13 **“PART D—GENERAL PROVISIONS”**

14 *and inserting the following:*

15 **“Subpart 4—General Provisions”.**

16 **(b) FINDINGS AND PURPOSES.**—Section 601 (20
 17 U.S.C. 1121) is amended to read as follows:

18 **“SEC. 601. FINDINGS AND PURPOSES.**

19 **“(a) FINDINGS.**—*The Congress finds as follows:*

20 *“(1) The security, stability, and economic vital-*
 21 *ity of the United States in a complex global era de-*
 22 *pend upon American experts in and citizens knowl-*
 23 *edgeable about world regions, foreign languages and*
 24 *international affairs, as well as on a strong research*
 25 *base in these areas.*

1 “(2) *Advances in communications technology*
2 *and the growth of regional and global problems make*
3 *knowledge of other countries and the ability to com-*
4 *municate in other languages more essential to the*
5 *promotion of mutual understanding and cooperation*
6 *among nations and their peoples.*

7 “(3) *Dramatic post-Cold War changes in the*
8 *world’s geopolitical and economic landscapes are cre-*
9 *ating needs for American expertise and knowledge*
10 *about a greater diversity of less commonly taught for-*
11 *ign languages and nations of the world.*

12 “(4) *Systematic efforts are necessary to enhance*
13 *the capacity of institutions of higher education in the*
14 *United States and to encourage a broader cross-sec-*
15 *tion of institutions of higher education to develop and*
16 *expand programs for producing graduates with inter-*
17 *national and foreign language expertise and knowl-*
18 *edge, and research on such areas, in a variety of dis-*
19 *ciplines and at all levels of graduate and undergradu-*
20 *ate education.*

21 “(5) *Cooperative efforts among the Federal Gov-*
22 *ernment, institutions of higher education, and the*
23 *private sector are necessary to promote the generation*
24 *and dissemination of information about world re-*
25 *gions, foreign languages, and international affairs*

1 *throughout education, government, business, civic,*
2 *and nonprofit sectors in the United States.*

3 “(b) *PURPOSES.—The purposes of this part are—*

4 “(1)(A) *to support centers, programs and fellow-*
5 *ships in institutions of higher education in the*
6 *United States for producing increased numbers of*
7 *trained personnel and research in foreign languages,*
8 *area and other international studies;*

9 “(B) *to develop a pool of international experts to*
10 *meet national needs;*

11 “(C) *to develop and validate specialized mate-*
12 *rials and techniques for foreign language acquisition*
13 *and fluency, emphasizing (but not limited to) the less*
14 *commonly taught languages;*

15 “(D) *to promote access to research and training*
16 *overseas; and*

17 “(E) *to advance the internationalization of a va-*
18 *riety of disciplines throughout undergraduate and*
19 *graduate education;*

20 “(2) *to support cooperative efforts promoting ac-*
21 *cess to and the dissemination of international and*
22 *foreign language knowledge, teaching materials and*
23 *research throughout education, government, business,*
24 *civic and nonprofit sectors in the United States*
25 *through the use of advanced technologies; and*

1 “(3) to coordinate the programs of the Federal
2 Government in the areas of foreign language, area
3 and other international studies, including profes-
4 sional international affairs education and research.”.

5 (c) GRADUATE AND UNDERGRADUATE NATIONAL RE-
6 SOURCE CENTERS.—

7 (1) NATIONAL RESOURCE CENTERS.—Section
8 602(a) (20 U.S.C. 1122(a)) is amended—

9 (A) in the heading, by striking “NATIONAL
10 LANGUAGE AND AREA CENTERS AUTHORIZED”
11 and inserting “NATIONAL RESOURCE CENTERS
12 FOR FOREIGN LANGUAGE AND AREA OR INTER-
13 NATIONAL STUDIES AUTHORIZED”;

14 (B) in paragraph (1)(A), by striking “com-
15 prehensive language and area centers” and in-
16 serting “comprehensive foreign language and
17 area or international studies centers”;

18 (C) in paragraph (1)(B), by striking “lan-
19 guage and area centers” and inserting “foreign
20 language and area or international studies cen-
21 ters”; and

22 (D) by striking paragraph (2) and insert-
23 ing the following:

24 “(2) AUTHORIZED ACTIVITIES.—

1 “(A) *IN GENERAL.*—Any grant made under
2 paragraph (1) may be used to pay all or part
3 of the cost of establishing or operating a center
4 or program, in accordance with this subsection.

5 “(B) *MANDATORY ACTIVITIES.*—Activities to
6 be conducted by centers assisted under this sub-
7 section shall include—

8 “(i) support for the instruction of for-
9 eign languages and the offering of courses in
10 a variety of nonlanguage disciplines that
11 cover the center’s subject area or topic, and
12 the incorporation of such instruction in
13 baccalaureate and graduate programs of
14 study in a variety of disciplinary, inter-
15 disciplinary, or professional fields;

16 “(ii) support for teaching and research
17 materials, including library acquisitions, in
18 the center’s subject area or topic;

19 “(iii) programs of outreach or linkage
20 with State and local educational agencies,
21 postsecondary education institutions at all
22 levels, professional schools, government,
23 business, media, or the general public; and

1 “(iv) program coordination and devel-
2 opment, curriculum planning and develop-
3 ment, and student advisement.

4 “(C) *PERMISSIBLE ACTIVITIES*.—Activities
5 to be conducted by centers assisted under this
6 subsection may include—

7 “(i) support for the creation of faculty
8 positions in disciplines that are underrep-
9 resented in the center’s instructional pro-
10 gram;

11 “(ii) establishment and maintenance of
12 linkages with overseas institutions of higher
13 education for the purpose of contributing to
14 the teaching and research of the center;

15 “(iii) support for bringing visiting
16 scholars and faculty to the center to teach or
17 conduct research;

18 “(iv) professional development of the
19 center’s faculty and staff;

20 “(v) projects conducted in cooperation
21 with other National Resource Centers ad-
22 dressing themes of world regional, cross-re-
23 gional, international, or global importance;

24 “(vi) summer institutes in the United
25 States or abroad designed to provide lan-

1 *guage and area training in the center's field*
 2 *or topic; and*

3 *“(vii) support for faculty, staff, and*
 4 *student travel in foreign areas, regions, or*
 5 *countries, and for the development and sup-*
 6 *port of educational programs abroad for*
 7 *students.”.*

8 *(2) GRADUATE FELLOWSHIPS; EXPENSE LIMITA-*
 9 *TIONS.—Section 602 is further amended by striking*
 10 *subsections (b) and (c) and inserting the following:*

11 *“(b) GRADUATE FELLOWSHIPS FOR FOREIGN LAN-*
 12 *GUAGE AND AREA OR INTERNATIONAL STUDIES.—*

13 *“(1) AUTHORITY.—The Secretary is authorized*
 14 *to make grants to institutions of higher education or*
 15 *combinations of such institutions for the purpose of*
 16 *paying fellowships to individuals undergoing ad-*
 17 *vanced training in any center or program approved*
 18 *by the Secretary under this part.*

19 *“(2) ELIGIBLE STUDENTS.—Students receiving*
 20 *fellowships described in paragraph (1) shall be indi-*
 21 *viduals who are engaged in an instructional program*
 22 *with stated performance goals for functional foreign*
 23 *language use or in a program developing such per-*
 24 *formance goals, in combination with area studies,*
 25 *international studies, or the international aspects of*

1 *a professional studies program, including*
2 *predissertation level studies, preparation for disserta-*
3 *tion research, dissertation research abroad, and dis-*
4 *sertation writing.*

5 “(c) *RULES WITH RESPECT TO EXPENSES.*—

6 “(1) *UNDERGRADUATE TRAVEL.*—No funds may
7 *be expended under this part for undergraduate travel*
8 *except in accordance with rules prescribed by the Sec-*
9 *retary setting forth policies and procedures to assure*
10 *that Federal funds made available for such travel are*
11 *expended as part of a formal program of supervised*
12 *study.*

13 “(2) *GRADUATE DEPENDENT AND TRAVEL EX-*
14 *PENSES.*—Fellowships awarded to graduate level re-
15 *cipients may include allowances for dependents and*
16 *for travel for research and study in the United States*
17 *and abroad.”.*

18 “(d) *LANGUAGE RESOURCE CENTERS.*—Section 603(a)
19 (20 U.S.C. 1123(a)) is amended—

20 (1) *by striking paragraph (5) and inserting the*
21 *following:*

22 “(5) *a significant focus on the teaching and*
23 *learning needs of the less commonly taught languages,*
24 *including an assessment of the strategic needs, the de-*
25 *termination of ways to meet those needs nationally,*

1 *and the publication and dissemination of instruc-*
 2 *tional materials in the less commonly taught lan-*
 3 *guages;”;*

4 *(2) by striking the period at the end of para-*
 5 *graph (6) and inserting “; and”; and*

6 *(3) by inserting after paragraph (6) the follow-*
 7 *ing new paragraph:*

8 *“(7) the operation of intensive summer language*
 9 *institutes to train advanced foreign language stu-*
 10 *dents, provide professional development, and improve*
 11 *language instruction through preservice and inservice*
 12 *language training for teachers.”.*

13 *(e) UNDERGRADUATE INTERNATIONAL STUDIES AND*
 14 *FOREIGN LANGUAGE PROGRAMS.—Section 604 (20 U.S.C.*
 15 *1124) is amended—*

16 *(1) in the heading of subsection (a), by striking*
 17 *“INCENTIVES” and all that follows through “PRO-*
 18 *GRAMS” and inserting “PROGRAM INCENTIVES”;*

19 *(2) in subsection (a)(1)—*

20 *(A) by striking “or combinations of such in-*
 21 *stitutions” in the first sentence and inserting “,*
 22 *combinations of such institutions, or partner-*
 23 *ships between nonprofit educational organiza-*
 24 *tions and such institutions,”;*

1 (B) by striking “a program” and inserting
2 “programs”; and

3 (C) by striking the second sentence and in-
4 serting the following: “Such grants shall be
5 awarded for the purpose of seeking to create new
6 programs or to strengthen existing programs in
7 undergraduate area studies, foreign languages,
8 and other international fields.”;

9 (3) by striking paragraphs (2) and (3) and in-
10 serting the following:

11 “(2) *USE OF FUNDS.*—Grants made under this
12 section may be used for Federal share of the cost of
13 projects and activities which are an integral part of
14 such a program, such as—

15 “(A) planning for the development and ex-
16 pansion of programs in undergraduate inter-
17 national studies, and foreign languages and the
18 internationalization of undergraduate education;

19 “(B) teaching, research, curriculum develop-
20 ment, and other related activities;

21 “(C) training of faculty members in foreign
22 countries;

23 “(D) expansion of existing and development
24 of new opportunities for learning foreign lan-

1 *guages, including the less commonly taught lan-*
2 *guages;*

3 *“(E) programs under which foreign teachers*
4 *and scholars may visit institutions as visiting*
5 *faculty;*

6 *“(F) international education programs de-*
7 *signed to develop or enhance linkages between*
8 *two- and four-year institutions of higher edu-*
9 *cation, or baccalaureate and postbaccalaureate*
10 *programs or institutions;*

11 *“(G) the development of an international*
12 *dimension in preservice and inservice teacher*
13 *training;*

14 *“(H) the development of undergraduate edu-*
15 *cational programs in locations abroad where*
16 *such opportunities are not otherwise available or*
17 *which serve students for whom such opportuni-*
18 *ties are not otherwise available and which pro-*
19 *vide courses that are closely related to on-campus*
20 *foreign language and international curricula;*

21 *“(I) the integration of new and continuing*
22 *education abroad opportunities for undergradu-*
23 *ate students into curricula of specific degree pro-*
24 *grams;*

1 “(J) the development of model programs to
2 enrich or enhance the effectiveness of educational
3 programs abroad, including predeparture and
4 postreturn programs, and the integration of edu-
5 cational programs abroad into the curriculum of
6 the home institution;

7 “(K) the expansion of library and teaching
8 resources;

9 “(L) the development of programs designed
10 to integrate professional and technical education
11 with area studies, foreign languages, and other
12 international fields;

13 “(M) the establishment of linkages overseas
14 with institutions of higher education and organi-
15 zations that contribute to the educational objec-
16 tives of this subsection;

17 “(N) the conduct of summer institutes in
18 foreign area and other international fields to
19 provide faculty and curriculum development, in-
20 cluding the integration of professional and tech-
21 nical education with foreign area and other
22 international studies, and to provide foreign
23 area and other international knowledge or skills
24 to government personnel or private sector profes-
25 sionals in international activities;

1 “(O) the development of partnerships be-
2 tween institutions of higher education and the
3 private sector, government, and elementary and
4 secondary education institutions to enhance
5 international knowledge and skills; and

6 “(P) the use of innovative technology to in-
7 crease access to international education pro-
8 grams.

9 “(3) NON-FEDERAL SHARE.—The non-Federal
10 share of the cost of the programs assisted under this
11 subsection may be provided in cash from the private
12 sector corporations or foundations in an amount
13 equal to one-third of the total requested grant amount,
14 or may be provided as in-cash or in-kind contribution
15 from institutional and noninstitutional funds, includ-
16 ing State and private sector corporation or founda-
17 tion contributions, equal to one-half of the total re-
18 quested grant amount.”;

19 (4) by adding at the end of subsection (a) the fol-
20 lowing new paragraphs:

21 “(5) SPECIAL RULE.—The Secretary may waive
22 or reduce the required non-Federal share for title III-
23 eligible institutions which have submitted a grant ap-
24 plication under this section.

1 “(6) *EVALUATION CRITERIA AND REPORT.*—As a
2 condition for the award of any grant under this sub-
3 section, the Secretary may establish criteria for evalu-
4 ating programs and require an annual report which
5 evaluates the progress and performance of students in
6 such programs.”.

7 (5) by striking subsection (b);

8 (6) by redesignating subsection (c) as subsection
9 (b); and

10 (7) by adding at the end the following new sub-
11 section:

12 “(c) *FUNDING SUPPORT.*—The Secretary may use no
13 more than 10 percent of the total amount appropriated for
14 this title, other than amounts appropriated for part D, for
15 carrying out the purposes of this section.”.

16 (f) *INTENSIVE SUMMER LANGUAGE INSTITUTES.*—Sec-
17 tion 605 (20 U.S.C. 1124a) is repealed.

18 (g) *RESEARCH; STUDIES; ANNUAL REPORT.*—Section
19 606(a) (20 U.S.C. 1125(a)) is amended—

20 (1) in paragraph (4), by inserting before the
21 semicolon at the end the following: “, area studies, or
22 other international fields”;

23 (2) by striking “and” at the end of paragraph
24 (5);

1 (3) *by striking the period at the end of para-*
2 *graph (6) and inserting “; and”; and*

3 (4) *by inserting after paragraph (6) the follow-*
4 *ing new paragraph:*

5 “(7) *studies and surveys of the uses of technology*
6 *in foreign language, area and international studies*
7 *programs.”.*

8 (h) *PERIODICALS.—Section 607 (20 U.S.C. 1125a) is*
9 *amended to read as follows:*

10 **“SEC. 607. TECHNOLOGICAL INNOVATION AND COOPERA-**
11 **TION FOR FOREIGN INFORMATION ACCESS.**

12 “(a) *AUTHORITY.—The Secretary is authorized to*
13 *make grants to institutions of higher education, public or*
14 *nonprofit private library institutions, or consortia of such*
15 *institutions, to develop innovative techniques or programs*
16 *using new electronic technologies to collect, organize, pre-*
17 *serve and widely disseminate information on world regions*
18 *and countries other than the United States that address the*
19 *nation’s teaching and research needs in international edu-*
20 *cation and foreign languages.*

21 “(b) *AUTHORIZED ACTIVITIES.—Grants under this*
22 *section may be used—*

23 “(1) *to facilitate access to or preserve foreign in-*
24 *formation resources in print or electronic forms;*

1 “(2) to develop new means of immediate, full-text
2 document delivery for information and scholarship
3 from abroad;

4 “(3) to develop new means of shared electronic
5 access to international data;

6 “(4) to support collaborative projects of indexing,
7 cataloging, and other means of bibliographic access
8 for scholars to important research materials published
9 or distributed outside the United States;

10 “(5) to develop methods for the wide dissemina-
11 tion of resources written in non-Roman language
12 alphabets;

13 “(6) to assist teachers of less commonly taught
14 languages in acquiring, via electronic and other
15 means, materials suitable for classroom use; and

16 “(7) to promote collaborative technology based
17 projects in foreign languages, area and international
18 studies among grant recipients under this title.

19 “(c) *APPLICATION*.—Each institution or consortium
20 desiring a grant under this section shall submit an applica-
21 tion to the Secretary at such time, in such manner, and
22 accompanied by such information and assurances as the
23 Secretary may reasonably require.

24 “(d) *MATCH REQUIRED*.—The Federal share of the
25 total cost of carrying out a program supported by a grant

1 *under this section shall not be more than 66²/₃ percent. The*
 2 *non-Federal share of such cost may be provided either in-*
 3 *kind or in cash, and may include contributions from pri-*
 4 *vate sector corporations or foundations.”.*

5 *(i) DEVELOPMENT GRANTS.—Section 610 (20 U.S.C.*
 6 *1127) is amended by adding at the end the following new*
 7 *subsection:*

8 *“(d) DEVELOPMENT GRANTS AUTHORIZED.—The Sec-*
 9 *retary is encouraged to consider the establishment of new*
 10 *centers, and may use at least 10 percent of the funds avail-*
 11 *able for this section to make grants for the establishment*
 12 *of such new centers.”.*

13 *(j) AUTHORIZATION OF APPROPRIATIONS.—Section*
 14 *610A (20 U.S.C. 1128) is amended by striking “1993” and*
 15 *inserting “1999”.*

16 *(k) CONFORMING AMENDMENT.—Title VI is further*
 17 *amended by redesignating sections 606, 607, 608, 609, 610,*
 18 *and 610A as sections 605 through 610, respectively.*

19 **SEC. 602. BUSINESS AND INTERNATIONAL EDUCATION PRO-**
 20 **GRAMS.**

21 *(a) CENTERS FOR INTERNATIONAL BUSINESS EDU-*
 22 *CATION.—Section 612 (20 U.S.C. 1130–1) is amended—*

23 *(1) in subsection (c)(1)(B), by striking “ad-*
 24 *vanced”;*

1 (2) in subsection (c)(1)(C), by striking “evening
2 or summer programs,” and inserting “programs”;
3 and

4 (3) in subsection (d)(2)(G), by inserting before
5 the period at the end the following: “, such as a rep-
6 resentative of a community college in the region
7 served by the center”.

8 (b) *AUTHORIZATION OF APPROPRIATIONS.*—Section
9 614 (20 U.S.C. 1130b) is amended by striking “1993” each
10 place it appears and inserting “1999”.

11 (c) *TECHNICAL AMENDMENT.*—The heading of section
12 611 (20 U.S.C. 1130) is amended to read as follows:

13 **“SEC. 611. FINDINGS AND PURPOSES.”.**

14 **SEC. 603. INSTITUTE FOR INTERNATIONAL PUBLIC POLICY.**

15 (a) *MINORITY FOREIGN SERVICE PROFESSIONAL DE-*
16 *VELOPMENT PROGRAM.*—Section 621(e) (20 U.S.C.
17 1131(e)) is amended by striking “one-fourth” and inserting
18 “one-half”.

19 (b) *JUNIOR YEAR AND SUMMER ABROAD PROGRAM.*—
20 Section 622 (20 U.S.C. 1131a) is amended—

21 (1) in the heading of such section, by inserting
22 **“AND SUMMER”** after **“YEAR”**;

23 (2) in subsection (a)—

24 (A) by striking “shall conduct” and insert-
25 ing “is authorized to conduct”;

1 (B) by inserting “and summer” after “jun-
 2 ior year” each place it appears in the first and
 3 second sentences;

4 (C) by inserting “in a junior year abroad
 5 program” after “Each student” in the last sen-
 6 tence;

7 (3) in subsection (b)(2), by inserting “or sum-
 8 mer” after “junior year”; and

9 (4) in subsection (c)—

10 (A) by inserting “or summer abroad pro-
 11 gram” after “junior year abroad program” each
 12 place it appears; and

13 (B) by striking “abroad or internship” and
 14 inserting “abroad, summer abroad, or intern-
 15 ship”.

16 (c) *INTERNSHIPS*.—Section 624 (20 U.S.C. 1132c) is
 17 amended—

18 (1) by striking “The Institute” and inserting
 19 “(a) *IN GENERAL*.—The Institute”; and

20 (2) by adding at the end the following new sub-
 21 section:

22 “(b) *POSTBACCALAUREATE INTERNSHIPS*.—The Insti-
 23 tute shall enter into agreements with institutions of higher
 24 education described in the first sentence of subsection (a)
 25 to conduct internships in Washington, DC, for students who

1 *have completed study for the baccalaureate degree. The In-*
 2 *ternship program authorized by this subsection shall—*

3 “(1) *be designated to assist the students to pre-*
 4 *pare for a master’s degree program;*

5 “(2) *be carried out with the assistance of the*
 6 *Woodrow Wilson Fellowship program;*

7 “(3) *contain work experience for the students*
 8 *designated to contribute to the objectives set forth in*
 9 *paragraph (1); and*

10 “(4) *contain such other elements as the Institute*
 11 *determines will carry out the objectives of this sub-*
 12 *section.”.*

13 *(d) NEW PROGRAMS.—Title VI is further amended—*

14 (1) *by redesignating sections 625 through 627*
 15 *(20 U.S.C. 1131d–1131f) as sections 627 through 629;*
 16 *and*

17 (2) *by inserting after section 624 the following*
 18 *new sections:*

19 **“SEC. 625. INSTITUTIONAL DEVELOPMENT.**

20 “(a) *IN GENERAL.—The Institute shall make grants,*
 21 *from amounts available to it in each fiscal year, to Histori-*
 22 *cally Black Colleges and Universities, Hispanic-serving In-*
 23 *stitutions, Tribally Controlled Indian Community Colleges,*
 24 *and minority institutions, to enable such colleges, univer-*

1 *sities, and institutions to strengthen international affairs*
 2 *programs.*

3 “(b) *APPLICATION.*—No grant may be made by the In-
 4 stitute under this section unless an application is made by
 5 the college, university, or institution at such time, in such
 6 manner, and accompanied by such information as the In-
 7 stitute may require.

8 “(c) *DEFINITIONS.*—As used in this section—

9 “(1) the term ‘Historically Black College and
 10 University’ has the same meaning given the term by
 11 section 322(2) of this Act;

12 “(2) the term ‘Hispanic-serving Institution’ has
 13 the same meaning given the term by section 316(b)(1)
 14 of this Act;

15 “(3) the term ‘Tribally controlled Indian com-
 16 munity college’ has the same meaning given that term
 17 by the Tribally Controlled Community College Assist-
 18 ance Act of 1978; and

19 “(4) the term ‘minority institution’ has the same
 20 meaning given that term in section 347 of this Act.

21 **“SEC. 626. INTERAGENCY COMMITTEE ON MINORITY CA-**
 22 **REERS IN INTERNATIONAL AFFAIRS.**

23 “(a) *ESTABLISHMENT.*—There is established in the ex-
 24 ecutive branch of the Federal Government an Interagency
 25 Committee on Minority Careers in International Affairs

1 composed of 7 members. The members of the Committee
2 shall be—

3 “(1) the Undersecretary for International Affairs
4 and Commodity Programs of the Department of Agri-
5 culture, appointed by the Secretary of Agriculture;

6 “(2) the Assistant Secretary and Director Gen-
7 eral, the Commercial Service of the Department of
8 Commerce, appointed by the Secretary of Commerce;

9 “(3) the Undersecretary of Defense for Personnel
10 and Readiness of the Department of Defense, ap-
11 pointed by the Secretary of Defense;

12 “(4) the Assistant Secretary for Postsecondary
13 Education in the Department of Education, ap-
14 pointed by the Secretary of Education;

15 “(5) the Director General of the Foreign Service
16 of the Department of State, appointed by the Sec-
17 retary of State;

18 “(6) the General Counsel of the Agency for Inter-
19 national Development, appointed by the Adminis-
20 trator; and

21 “(7) the Associate Director for Educational and
22 Cultural Affairs of the United States Information
23 Agency, appointed by the Director.

24 “(b) *FUNCTIONS.*—The Interagency Committee estab-
25 lished by this section shall—

1 “(1) advise the Secretary and the Institute with
2 respect to programs authorized by this part; and

3 “(2) promote policies in each department and
4 agency participating on the Committee that are de-
5 signed to carry out the objectives of this part.”.

6 (e) *AUTHORIZATION*.—Section 629 (20 U.S.C. 1131f)
7 (as redesignated by subsection (d)) is amended by striking
8 “1993” and inserting “1999”.

9 **SEC. 604. GENERAL PROVISIONS.**

10 (a) *DEFINITIONS*.—Section 631(a) (20 U.S.C.
11 1132(a)) is amended—

12 (1) by striking “and” at the end of paragraph
13 (7);

14 (2) by striking the period at the end of para-
15 graph (8) and inserting “; and”; and

16 (3) by inserting after paragraph (8) the follow-
17 ing new paragraphs:

18 “(9) the term ‘internationalization of under-
19 graduate education’ means the incorporation of for-
20 eign languages and area and international studies
21 perspectives in any undergraduate course or curricu-
22 lum in order to provide international content for that
23 course of study; and

24 “(10) the term ‘educational programs abroad’
25 means programs of study, internships, or service

6 SEC. 605. TRANSFER AND REAUTHORIZATION OF GRAD-
7 UATE ASSISTANCE IN AREAS OF NATIONAL
8 NEED PROGRAM.

9 (a) *AMENDMENT.*—*Title VI is amended by adding at*
10 *the end the following new part:*

11 ***“PART B—GRADUATE ASSISTANCE IN AREAS OF***
12 ***NATIONAL NEED***

13 **“SEC. 651. PURPOSE.**

14 *“In order to sustain and enhance the capacity for*
15 *graduate education in areas of national need, it is the pur-*
16 *pose of this part to provide, through academic departments*
17 *and programs of institutions of higher education, a fellow-*
18 *ship program to assist graduate students of superior ability*
19 *who demonstrate financial need.*

20 “SEC. 652. GRANTS TO ACADEMIC DEPARTMENTS AND PRO-
21 GRAMS OF INSTITUTIONS.

22 “(a) GRANT AUTHORITY.—

23 “(1) *IN GENERAL.*—The Secretary shall make
24 grants to academic departments and programs and
25 other academic units of institutions of higher edu-

1 *cation that provide courses of study leading to a*
2 *graduate degree in order to enable such institutions to*
3 *provide assistance to graduate students in accordance*
4 *with this part. The Secretary shall coordinate the ad-*
5 *ministration and regulation of programs under this*
6 *part with other Federal programs providing graduate*
7 *assistance to minimize duplication and improve effi-*
8 *ciency.*

9 *“(2) ADDITIONAL GRANTS.—The Secretary may*
10 *also make grants to such departments and programs*
11 *and to other units of institutions of higher education*
12 *granting graduate degrees which submit joint propos-*
13 *als involving nondegree granting institutions which*
14 *have formal arrangements for the support of doctoral*
15 *dissertation research with degree-granting institu-*
16 *tions. Nondegree granting institutions eligible for*
17 *awards as part of such joint proposals include any*
18 *organization which—*

19 *“(A) is described in section 501(c)(3) of the*
20 *Internal Revenue Code of 1986, and is exempt*
21 *from tax under section 501(a) of such Code;*

22 *“(B) is organized and operated substan-*
23 *tially to conduct scientific and cultural research*
24 *and graduate training programs;*

25 *“(C) is not a private foundation;*

1 “(D) has academic personnel for instruction
 2 and counseling who meet the standards of the in-
 3 stitution of higher education in which the stu-
 4 dents are enrolled; and

5 “(E) has necessary research resources not
 6 otherwise readily available in such institutions
 7 to such students.

8 “(b) AWARD AND DURATION OF GRANTS.—

9 “(1) AWARDS.—The principal criterion for the
 10 allocation of awards shall be the relative quality of
 11 the graduate programs presented in competing appli-
 12 cations. Consistent with an allocation of awards
 13 based on quality of competing applications, the Sec-
 14 retary shall, in making such grants, promote an equi-
 15 table geographic distribution among eligible public
 16 and private institutions of higher education.

17 “(2) DURATION.—The Secretary shall approve a
 18 grant recipient under this part for a 3-year period.
 19 From the sums appropriated under this part for any
 20 fiscal year, the Secretary shall not make a grant to
 21 any academic department or program of an institu-
 22 tion of higher education of less than \$125,000 or
 23 greater than \$750,000 per fiscal year.

24 “(3) REALLOTMENT.—Whenever the Secretary
 25 determines that an academic department or program

1 of an institution of higher education is unable to use
 2 all of the amounts available to it under this part, the
 3 Secretary shall, on such dates during each fiscal year
 4 as the Secretary may fix, reallocate the amounts not
 5 needed to academic departments and programs of in-
 6 stitutions which can use the grants authorized by this
 7 part.

8 **“SEC. 653. INSTITUTIONAL ELIGIBILITY.**

9 “(a) *ELIGIBILITY CRITERIA.*—Any academic depart-
 10 ment or program of an institution of higher education that
 11 offers a program of postbaccalaureate study leading to a
 12 graduate degree in an area of national need (as designated
 13 under subsection (b)) may apply for a grant under this
 14 part. No department or program shall be eligible for a grant
 15 unless the program of postbaccalaureate study has been in
 16 existence for at least 4 years at the time of application for
 17 assistance under this part.

18 “(b) *DESIGNATION OF AREAS OF NATIONAL NEED.*—
 19 After consultation with appropriate Federal and nonprofit
 20 agencies and organizations, the Secretary shall designate
 21 areas of national need. In making such designations, the
 22 Secretary shall take into account the extent to which the
 23 interest is compelling, the extent to which other Federal pro-
 24 grams support postbaccalaureate study in the area con-

1 cerned, and an assessment of how the program could achieve
 2 the most significant impact with available resources.

3 **“SEC. 654. CRITERIA FOR APPLICATIONS.**

4 “(a) *SELECTION OF APPLICATIONS.*—The Secretary
 5 shall make grants to academic departments and programs
 6 of institutions of higher education on the basis of applica-
 7 tions submitted in accordance with subsection (b). Applica-
 8 tions shall be ranked on program quality by review panels
 9 of nationally recognized scholars and evaluated on the qual-
 10 ity and effectiveness of the academic program and the
 11 achievement and promise of the students to be served. To
 12 the extent possible (consistent with other provisions of this
 13 section), the Secretary shall make awards that are consist-
 14 ent with recommendations of the review panels.

15 “(b) *CONTENTS OF APPLICATIONS.*—An academic de-
 16 partment or program of an institution of higher education,
 17 in its application for a grant, shall—

18 “(1) describe the current academic program of
 19 the applicant for which the grant is sought;

20 “(2) provide assurances that the applicant will
 21 provide, from other non-Federal funds, for the pur-
 22 poses of the fellowship program under this part an
 23 amount equal to at least 25 percent of the amount of
 24 the grant received under this part, which contribution
 25 may be in cash or in kind fairly valued;

1 “(3) describe the number, types, and amounts of
2 the fellowships that the applicant intends to offer
3 under the grant;

4 “(4) set forth policies and procedures to assure
5 that, in making fellowship awards under this part,
6 the institution will make awards to individuals
7 who—

8 “(A) have financial need, as determined
9 under part F of title IV;

10 “(B) have excellent academic records in
11 their previous programs of study; and

12 “(C) plan to pursue the highest possible de-
13 gree available in their course of study;

14 “(5) set forth policies and procedures to ensure
15 that Federal funds made available under this part for
16 any fiscal year will be used to supplement and, to the
17 extent practical, increase the funds that would other-
18 wise be made available for the purpose of this part
19 and in no case to supplant those funds;

20 “(6) provide assurances that, in the event that
21 funds made available to the academic department or
22 program under this part are insufficient to provide
23 the assistance due a student under the commitment
24 entered into between the academic department or pro-
25 gram and the student, the academic department or

1 *program will, from any funds available to it, fulfill*
 2 *the commitment to the student;*

3 *“(7) provide that the applicant will comply with*
 4 *the limitations set forth in section 655;*

5 *“(8) provide assurances that the academic de-*
 6 *partment will provide at least 1 year of supervised*
 7 *training in instruction for students; and*

8 *“(9) include such other information as the Sec-*
 9 *retary may prescribe.*

10 **“SEC. 655. AWARDS TO GRADUATE STUDENTS.**

11 *“(a) COMMITMENTS TO GRADUATE STUDENTS.—*

12 *“(1) IN GENERAL.—An academic department or*
 13 *program of an institution of higher education shall*
 14 *make commitments to eligible graduate students as*
 15 *defined in section 484 (including students pursuing a*
 16 *doctoral degree after having completed a master’s de-*
 17 *gree program at an institution of higher education)*
 18 *at any point in their graduate study to provide sti-*
 19 *pends for the length of time necessary for a student*
 20 *to complete the course of graduate study, but in no*
 21 *case longer than 3 years.*

22 *“(2) SPECIAL RULE.—No such commitments*
 23 *shall be made to students under this part unless the*
 24 *academic department or program has determined ade-*
 25 *quate funds are available to fulfill the commitment ei-*

1 *ther from funds received or anticipated under this*
2 *part, or from institutional funds.*

3 “(b) *AMOUNT OF STIPENDS.—The Secretary shall*
4 *make payments to institutions of higher education for the*
5 *purpose of paying stipends to individuals who are awarded*
6 *fellowships under this part. The stipends the Secretary es-*
7 *tablishes shall reflect the purpose of this program to encour-*
8 *age highly talented students to undertake graduate study*
9 *as described in this part. In the case of an individual who*
10 *receives such individual’s first stipend under this part in*
11 *academic year 1999–2000 or any succeeding academic year,*
12 *such stipend shall be set at a level of support equal to that*
13 *provided by the National Science Foundation graduate fel-*
14 *lowships, except such amount shall be adjusted as necessary*
15 *so as not to exceed the fellow’s demonstrated level of need*
16 *as determined under part F of title IV.*

17 “(c) *TREATMENT OF INSTITUTIONAL PAYMENTS.—An*
18 *institution of higher education that makes institutional*
19 *payments for tuition and fees on behalf of individuals sup-*
20 *ported by fellowships under this part in amounts that ex-*
21 *ceed the institutional payments made by the Secretary pur-*
22 *suant to section 656(a) may count the excess of such pay-*
23 *ments toward the amounts the institution is required to*
24 *provide pursuant to section 654(b)(2).*

1 “(d) *ACADEMIC PROGRESS REQUIRED.*—Notwith-
2 standing the provisions of subsection (a), no student shall
3 receive an award—

4 “(1) *except during periods in which such student*
5 *is maintaining satisfactory progress in, and devoting*
6 *essentially full time to, study or research in the field*
7 *in which such fellowship was awarded, or*

8 “(2) *if the student is engaging in gainful em-*
9 *ployment other than part-time employment involved*
10 *in teaching, research, or similar activities determined*
11 *by the institution to be in support of the student’s*
12 *progress towards a degree.*

13 **“SEC. 656. ADDITIONAL ASSISTANCE FOR COST OF EDU-**
14 **CATION.**

15 “(a) *INSTITUTIONAL PAYMENTS.*—(1) *The Secretary*
16 *shall (in addition to stipends paid to individuals under this*
17 *part) pay to the institution of higher education, for each*
18 *individual awarded a fellowship under this part at such*
19 *institution, an institutional allowance. Except as provided*
20 *in paragraph (2), such allowance shall be—*

21 “(A) *\$10,000 annually with respect to individ-*
22 *uals who first received fellowships under this part*
23 *prior to academic year 1999–2000; and*

1 “(B) with respect to individuals who first receive
2 fellowships during or after academic year 1999–
3 2000—

4 “(i) \$10,000 for the academic year 1999–
5 2000; and

6 “(ii) for succeeding academic years, \$10,000
7 adjusted annually thereafter in accordance with
8 inflation as determined by the Department of
9 Labor’s Consumer Price Index for the previous
10 calendar year.

11 “(2) The institutional allowance paid under para-
12 graph (1) shall be reduced by the amount the institution
13 charges and collects from a fellowship recipient for tuition
14 and other expenses as part of the recipient’s instructional
15 program.

16 “(b) *USE FOR OVERHEAD PROHIBITED.*—Funds made
17 available pursuant to this part may not be used for the
18 general operational overhead of the academic department
19 or program.

20 **“SEC. 657. CONTINUATION AWARDS.**

21 “Before making new awards under this part for any
22 fiscal year, the Secretary shall, as appropriate, making con-
23 tinuation awards to recipients of awards under parts B,
24 C, and D of title IX as in effect prior to the enactment
25 of the Higher Education Amendments of 1998.

1 **“SEC. 658. AUTHORIZATION OF APPROPRIATIONS.**

2 *“There are authorized to be appropriated \$40,000,000*
 3 *for fiscal year 1999 and such sums as may be necessary*
 4 *for each of the 4 succeeding fiscal years to carry out this*
 5 *part.”.*

6 **(b) REPEAL.**—*Title IX (20 U.S.C. 1134 et seq.) is re-*
 7 *pealed.*

8 **TITLE VII—CONSTRUCTION, RE-**
 9 **CONSTRUCTION, AND REN-**
 10 **OVATION OF ACADEMIC FA-**
 11 **CILITIES**

12 **SEC. 701. EXTENSION OF PRIOR RIGHTS AND OBLIGATIONS.**

13 *Section 702(a) (20 U.S.C. 1132a–1(a)) is amended by*
 14 *striking “fiscal year 1993” and inserting “fiscal year*
 15 *1999”.*

16 **SEC. 702. REPEAL OF PART A.**

17 **(a) REPEAL.**—*Part A of title VII (20 U.S.C. 1132b*
 18 *et seq.) is repealed.*

19 **(b) CONFORMING AMENDMENTS.**—

20 **(1)** *Section 701(b) (20 U.S.C. 1132a(b)) is*
 21 *amended by striking “part A or B” and inserting*
 22 *“part B”.*

23 **(2)** *Part B of title VII is amended by striking*
 24 *section 726 (20 U.S.C. 1132c–5).*

1 (3) *Section 781 (20 U.S.C. 1132i) is amended by*
 2 *striking “part A of this title, or” each place it ap-*
 3 *pears.*

4 **SEC. 703. EXTENSION OF AUTHORIZATION OF PART B.**

5 *Section 727(c) (20 U.S.C. 1132c–6(c)) is amended by*
 6 *striking “fiscal year 1993” and inserting “fiscal year*
 7 *1999”.*

8 **SEC. 704. EXTENSION OF AUTHORIZATION OF PART C.**

9 *Section 735 (20 U.S.C. 1132d–4) is amended by strik-*
 10 *ing “fiscal year 1993” and inserting “fiscal year 1999”.*

11 **TITLE VIII—ADDITIONAL**
 12 **PROVISIONS**

13 **SEC. 801. STUDY OF TRANSFER OF CREDITS.**

14 (a) *STUDY REQUIRED.*—*The Secretary of Education*
 15 *shall conduct a study to evaluate policies or practices insti-*
 16 *tuted by recognized accrediting agencies or associations re-*
 17 *garding the treatment of the transfer of credits from one*
 18 *institution of higher education to another, giving particular*
 19 *attention to—*

20 (1) *adopted policies regarding the transfer of*
 21 *credits between institutions of higher education which*
 22 *are accredited by different agencies or associations*
 23 *and the reasons for such policies;*

24 (2) *adopted policies regarding the transfer of*
 25 *credits between institutions of higher education which*

1 are accredited by national agencies or associations
2 and institutions of higher education which are accred-
3 ited by regional agencies and associations and the
4 reasons for such policies;

5 (3) the effect of the adoption of such policies on
6 students transferring between such institutions of
7 higher education, including time required to matricu-
8 late, increases to the student of tuition and fees paid,
9 and increases to the student with regard to student
10 loan burden;

11 (4) the extent to which Federal financial aid is
12 awarded to such students for the duplication of
13 coursework already completed at another institution;
14 and

15 (5) the aggregate cost to the Federal Government
16 of the adoption of such policies.

17 (b) *REPORT*.—Not later than one year after the date
18 of enactment of this Act, the Secretary shall submit a report
19 to the Chairman and Ranking Minority Member of the
20 Committee on Education and the Workforce of the House
21 of Representatives and the Committee on Labor and
22 Human Resources of the Senate detailing his findings re-
23 garding the study conducted under subsection (a). The Sec-
24 retary's report shall include such recommendation with re-

1 *spect to the recognition of accrediting agencies or associa-*
2 *tions as the Secretary deems advisable.*

3 **SEC. 802. STUDY OF MARKET MECHANISMS IN FEDERAL**
4 **STUDENT LOAN PROGRAMS.**

5 *(a) STUDY REQUIRED.—The Comptroller General, in*
6 *consultation with interested parties, shall conduct a study*
7 *of the potential to use auctions or other market mechanisms*
8 *in the delivery of Federal student loans in order to reduce*
9 *costs both to the Federal Government and to borrowers.*
10 *Such study shall include an examination of—*

11 *(1) the feasibility of using an auction of lending*
12 *authority for Federal student loans, and the appro-*
13 *priate Federal role in the operation of such an auc-*
14 *tion or other alternative market mechanisms;*

15 *(2) methods for operating such a system to en-*
16 *sure loan access for all eligible borrowers, while maxi-*
17 *mizing the cost-effectiveness (for the Government and*
18 *borrowers) in the delivery of such loans;*

19 *(3) the impact of such mechanisms on student*
20 *loan availability;*

21 *(4) any necessary transition procedures for im-*
22 *plementing such mechanisms;*

23 *(5) the costs or savings likely to be attained for*
24 *the Government and borrowers;*

1 (6) *the feasibility of incorporating income-con-*
 2 *tingent repayment options into the student loan sys-*
 3 *tem and requiring borrowers to repay through income*
 4 *tax withholding, and the impact of such an option on*
 5 *the willingness of lenders to participate in auctions or*
 6 *other market mechanisms and on the efficiency of*
 7 *Federal management of student loan programs;*

8 (7) *the ability of the Department of the Treasury*
 9 *to effectively auction the right to make student loans;*
 10 *and*

11 (8) *other relevant issues.*

12 (b) *RECOMMENDATIONS.*—*Within 2 years after the*
 13 *date of enactment of this Act, the Comptroller General shall*
 14 *submit to the Congress a report on the study required by*
 15 *subsection (a) and shall include with such report any legis-*
 16 *lative recommendations the Comptroller General considers*
 17 *appropriate.*

18 **SEC. 803. IMPROVEMENTS IN MARKET INFORMATION AND**
 19 **PUBLIC ACCOUNTABILITY IN HIGHER EDU-**
 20 **CATION.**

21 (a) *IMPROVED DATA COLLECTION.*—

22 (1) *DEVELOPMENT OF UNIFORM METHODOLOGY.*—*The Secretary shall direct the Commissioner of*
 23 *Education Statistics to convene a series of forums to*
 24 *develop nationally consistent methodologies for report-*
 25 *develop nationally consistent methodologies for report-*

1 *ing costs incurred by postsecondary institutions in*
 2 *providing postsecondary education.*

3 (2) *SEPARATION OF UNDERGRADUATE AND*
 4 *GRADUATE COSTS.*—*Such consistent methodologies*
 5 *shall permit the Secretary to collect and disseminate*
 6 *separate data with respect to the costs incurred in*
 7 *providing undergraduate and graduate postsecondary*
 8 *education.*

9 (3) *REDESIGN OF DATA SYSTEMS.*—*On the basis*
 10 *of the methodologies developed pursuant to paragraph*
 11 *(1), the Secretary shall redesign relevant parts of the*
 12 *postsecondary education data systems to improve the*
 13 *usefulness and timeliness of the data collected by such*
 14 *systems.*

15 (b) *DATA DISSEMINATION.*—*The Secretary shall pub-*
 16 *lish, in both printed and electronic form, of the data col-*
 17 *lected pursuant to subsection (a). Such data shall be avail-*
 18 *able in a form that permits the review and comparison of*
 19 *the data submissions of individual institutions of higher*
 20 *education. Such data shall be presented in a form that is*
 21 *easily understandable and allows parents and students to*
 22 *make informed decisions based on the following costs for*
 23 *typical full-time undergraduate or graduate students—*

24 (1) *tuition charges published by the institution;*

1 (2) *the institution's cost of educating students on*
 2 *a full-time equivalent basis;*

3 (3) *the general subsidy on a full-time equivalent*
 4 *basis;*

5 (4) *instructional cost by level of instruction;*

6 (5) *the total price of attendance; and*

7 (6) *the average amount of per student financial*
 8 *aid received, including and excluding assistance in*
 9 *the form of loans.*

10 **SEC. 804. DIFFERENTIAL REGULATION.**

11 (a) *GAO STUDY.*—*The Comptroller General shall con-*
 12 *duct a study of the extent to which unnecessary costs are*
 13 *imposed on postsecondary education as a consequence of the*
 14 *applicability to postsecondary facilities and equipment of*
 15 *regulations prescribed for purposes of regulating industrial*
 16 *and commercial enterprises.*

17 (b) *REPORT REQUIRED.*—*Within one year after the*
 18 *date of enactment of this Act, the Comptroller General shall*
 19 *submit a report to the Congress on the results of the study*
 20 *required by subsection (a).*

21 **SEC. 805. ANNUAL REPORT ON COST OF HIGHER EDU-**
 22 **CATION.**

23 (a) *GAO REPORT REQUIRED.*—*The Comptroller Gen-*
 24 *eral shall conduct an on-going analysis of the following:*

1 (1) *The increase in tuition compared with other*
2 *commodities and services.*

3 (2) *Trends in college and university administra-*
4 *tive costs, including administrative staffing, ratio of*
5 *administrative staff to instructors, ratio of adminis-*
6 *trative staff to students, remuneration of administra-*
7 *tive staff, and remuneration of college and university*
8 *presidents or chancellors.*

9 (3) *Trends in (A) faculty workload and remu-*
10 *neration (including the use of adjunct faculty), (B)*
11 *faculty-to-student ratios, (C) number of hours spent*
12 *in the classroom by faculty, and (D) tenure practices,*
13 *and the impact of such trends on tuition.*

14 (4) *Trends in (A) the construction and renova-*
15 *tion of academic and other collegiate facilities, and*
16 *(B) the modernization of facilities to access and uti-*
17 *lize new technologies, and the impact of such trends*
18 *on tuition.*

19 (5) *The extent to which increases in institutional*
20 *financial aid and tuition discounting have affected*
21 *tuition increases, including the demographics of stu-*
22 *dents receiving such aid, the extent to which such aid*
23 *is provided to students with limited need in order to*
24 *attract such students to particular institutions or*
25 *major fields of study, and the extent to which Federal*

1 *financial aid, including loan aid, has been used to*
 2 *offset such increases.*

3 *(6) The extent to which Federal, State, and local*
 4 *laws, regulations, or other mandates contribute to in-*
 5 *creasing tuition, and recommendations on reducing*
 6 *those mandates.*

7 *(7) The establishment of a mechanism for a more*
 8 *timely and widespread distribution of data on tuition*
 9 *trends and other costs of operating colleges and uni-*
 10 *versities.*

11 *(8) The extent to which student financial aid*
 12 *programs have contributed to changes in tuition.*

13 *(9) Trends in State fiscal policies that have af-*
 14 *fected college costs.*

15 *(10) Other related topics determined to be appro-*
 16 *priate by the Comptroller General.*

17 *(b) ANNUAL REPORT TO CONGRESS.—The Comptroller*
 18 *General shall submit to the Congress an annual report on*
 19 *the results of the analysis required by subsection (a).*

20 **SEC. 806. REPEALS OF PREVIOUS HIGHER EDUCATION**
 21 **AMENDMENTS PROVISIONS.**

22 *(a) HIGHER EDUCATION AMENDMENTS OF 1986.—*
 23 *Title XIII of the Higher Education Amendments of 1986*
 24 *(20 U.S.C. 1091 note, 1121 note, 1221e–1 note, 1011 note,*
 25 *1070a note, 1071 note, 1221–1 note, 1091 note) is repealed.*

1 (b) *HIGHER EDUCATION AMENDMENTS OF 1992.*—

2 (1) *TITLE XIV.*—*Title XIV of the Higher Edu-*
 3 *cation Amendments of 1992 (20 U.S.C. 1071 note,*
 4 *1080 note, 1221e note, 1070 note, 1221e–1 note,*
 5 *1070a–21 note, 1134 note, 1132a note, 1221–1 note,*
 6 *1101 note) is repealed.*

7 (2) *TITLE XV.*—*Parts A, B, C, D, and E of title*
 8 *XV of the Higher Education Amendments of 1992 (29*
 9 *U.S.C. 2401 et seq., 20 U.S.C. 1452 note, 1101 note,*
 10 *1145h, 1070 note) are repealed.*

11 **SEC. 807. LIMITATION.**

12 *None of the funds appropriated under the Higher Edu-*
 13 *cation Act of 1965 or any other Act shall be made available*
 14 *by any Federal agency to the National Board for Profes-*
 15 *sional Teaching Standards.*

16 **TITLE IX—AMENDMENTS TO**
 17 **OTHER LAWS**

18 **PART A—EDUCATION OF THE DEAF ACT**

19 **Subpart 1—Gallaudet University**

20 **SEC. 901. BOARD OF TRUSTEES MEMBERSHIP.**

21 *Section 103(a)(1) of the Education of the Deaf Act of*
 22 *1986 (20 U.S.C. 4303(a)(1)) is amended—*

23 (1) *in the matter preceding subparagraph (A),*
 24 *by striking “twenty-one” and inserting “twenty-two”;*

1 (2) *in subparagraph (A), by striking “and” at*
 2 *the end;*

3 (3) *in subparagraph (B), by striking the period*
 4 *at the end and inserting “; and”; and*

5 (4) *by adding at the end the following:*

6 “(C) *the liaison designated under section 206,*
 7 *who shall serve as an ex-officio, nonvoting member.”.*

8 **SEC. 902. ELEMENTARY AND SECONDARY EDUCATION PRO-**
 9 **GRAMS.**

10 (a) *COMPLIANCE WITH CERTAIN REQUIREMENTS*
 11 *UNDER THE INDIVIDUALS WITH DISABILITIES EDUCATION*
 12 *ACT.—Section 104(b)(3) of the Education of the Deaf Act*
 13 *of 1986 (20 U.S.C. 4304(b)(3)) is amended by striking “in-*
 14 *termediate educational unit” and inserting “educational*
 15 *service agency”.*

16 (b) *ADDITIONAL REQUIREMENTS.—Section*
 17 *104(b)(4)(C) of such Act (20 U.S.C. 4304(b)(4)(C)) is*
 18 *amended by striking clauses (i) through (iv) and inserting*
 19 *the following:*

20 “(i) *Paragraph (1) and paragraphs (3)*
 21 *through (6) of subsection (b).*

22 “(ii) *Subsections (e) through (g).*

23 “(iii) *Subsection (h), except the provision*
 24 *contained in such subsection that requires that*

1 *findings of fact and decisions be transmitted to*
 2 *the State advisory panel.*

3 *“(iv) Paragraphs (1) and (2) of subsection*
 4 *(i).*

5 *“(v) Subsection (j), except that such sub-*
 6 *section shall not be applicable to a decision by*
 7 *the University to refuse to admit or to dismiss*
 8 *a child, except that, before dismissing any child,*
 9 *the University shall give at least 60 days notice*
 10 *to the child’s parents and to the local educational*
 11 *agency in which the child resides.*

12 *“(vi) Subsections (k) through (m).”.*

13 **SEC. 903. AGREEMENT WITH GALLAUDET UNIVERSITY.**

14 *Section 105(a) of the Education of the Deaf Act of*
 15 *1986 (20 U.S.C. 4305(a)) is amended—*

16 *(1) in the first sentence, by striking “within 1*
 17 *year after enactment of the Education of the Deaf Act*
 18 *Amendments of 1992, a new” and inserting “and pe-*
 19 *riodically update, an”; and*

20 *(2) by amending the second sentence to read as*
 21 *follows: “The necessity of the periodic update referred*
 22 *to in the preceding sentence shall be determined by*
 23 *the Secretary or the University.”.*

1 **Subpart 2—National Institute For The Deaf**

2 **SEC. 911. AGREEMENT FOR THE NATIONAL TECHNICAL IN-**
 3 **STITUTE FOR THE DEAF.**

4 *Section 112 of the Education of the Deaf Act of 1986*
 5 *(20 U.S.C. 4332) is amended—*

6 *(1) in subsection (a)(2), by striking “under this*
 7 *section” and all that follows and inserting the follow-*
 8 *ing: “under this section—*

9 *“(A) shall periodically assess the need for modi-*
 10 *fication of the agreement; and*

11 *“(B) shall also periodically update the agreement*
 12 *as determined to be necessary by the Secretary or the*
 13 *institution.”; and*

14 *(2) in subsection (b)(3), by striking “Committee*
 15 *on Education and Labor” and inserting “Committee*
 16 *on Education and the Workforce”.*

17 **Subpart 3—General Provisions**

18 **SEC. 921. DEFINITIONS.**

19 *Section 201 of the Education of the Deaf Act of 1986*
 20 *(20 U.S.C. 4351) is amended—*

21 *(1) in paragraph (1)(C), by striking “Palau (but*
 22 *only until the Compact of Free Association with*
 23 *Palau takes effect),”; and*

24 *(2) in paragraph (5)—*

1 (A) by inserting “and” before “the Com-
 2 monwealth of the Northern Mariana Islands”;
 3 and

4 (B) by striking “, and Palau” and all that
 5 follows and inserting a period.

6 **SEC. 922. AUDITS.**

7 Section 203(b) of the Education of the Deaf Act of 1986
 8 (20 U.S.C. 4353(b)) is amended in the first sentence by in-
 9 serting before the period at the end the following: “, includ-
 10 ing the national mission and school operations of the ele-
 11 mentary and secondary programs”.

12 **SEC. 923. REPORTS.**

13 Section 204 of the Education of the Deaf Act of 1986
 14 (20 U.S.C. 4354) is amended in the matter preceding para-
 15 graph (1) by striking “Committee on Education and
 16 Labor” and inserting “Committee on Education and the
 17 Workforce”.

18 **SEC. 924. MONITORING, EVALUATION, AND REPORTING.**

19 Section 205(c) of the Education of the Deaf Act of 1986
 20 (20 U.S.C. 4355(c)) is amended by striking “1993, 1994,
 21 1995, 1996, and 1997” and inserting “1999 through 2003”.

22 **SEC. 925. RESPONSIBILITY OF THE LIAISON.**

23 Section 206 of the Education of the Deaf Act (20
 24 U.S.C. 4356) is amended—

1 (1) in subsection (a), by striking “Not later than
2 30 days after the date of enactment of this Act, the”
3 and inserting “The”; and

4 (2) in subsection (b)—

5 (A) in paragraph (2), by striking “and” at
6 the end;

7 (B) by redesignating paragraph (3) as
8 paragraph (4); and

9 (C) by inserting after paragraph (2) the fol-
10 lowing:

11 “(3) serve as an ex-officio, nonvoting member of
12 the Board of Trustees under section 103; and”.

13 **SEC. 926. FEDERAL ENDOWMENT PROGRAMS.**

14 (a) *FEDERAL PAYMENTS.*—Section 207(b) of the Edu-
15 cation of the Deaf Act of 1986 (20 U.S.C. 4357(b)) is
16 amended—

17 (1) in paragraph (2) to read as follows:

18 “(2) Subject to the availability of appropri-
19 ations, the Secretary shall make payments to each Fed-
20 eral endowment fund in amounts equal to sums con-
21 tributed to the fund from non-Federal sources during
22 the fiscal year in which the appropriations are made
23 available (excluding transfers from other endowment
24 funds of the institution involved).”; and

25 (2) by striking paragraph (3).

1 (b) *WITHDRAWALS AND EXPENDITURES.*—Section
 2 207(d)(2)(C) of such Act (20 U.S.C. 4357(d)(2)(C)) is
 3 amended by striking “Beginning on October 1, 1992, the”
 4 and inserting “The”.

5 (c) *AUTHORIZATION OF APPROPRIATIONS.*—Section
 6 207(h) of such Act (20 U.S.C. 4357(h)) is amended by strik-
 7 ing “fiscal years 1993 through 1997” each place it appears
 8 and inserting “fiscal years 1999 through 2003”.

9 **SEC. 927. SCHOLARSHIP PROGRAM.**

10 Section 208 of the Education of the Deaf Act of 1986
 11 (20 U.S.C. 4358) is hereby repealed.

12 **SEC. 928. OVERSIGHT AND EFFECT OF AGREEMENTS.**

13 Section 209 of the Education of the Deaf Act of 1986
 14 (20 U.S.C. 4359) is amended—

15 (1) in subsection (a), by striking “Committee on
 16 Education and Labor” and inserting “Committee on
 17 Education and the Workforce”; and

18 (2) by redesignating such section as section 208.

19 **SEC. 929. INTERNATIONAL STUDENTS.**

20 (a) *ENROLLMENT.*—Section 210(a) of the Education
 21 of the Deaf Act of 1986 (20 U.S.C. 4359a(a)) is amended
 22 to read as follows:

23 “(a) *ENROLLMENT.*—A qualified United States citizen
 24 seeking admission to the University or NTID shall not be

1 *denied admission in a given year due to the enrollment of*
2 *international students.”.*

3 (b) *CONFORMING AMENDMENT.—Section 210 of such*
4 *Act (20 U.S.C. 4359a) is amended by redesignating such*
5 *section as section 209.*

6 **SEC. 930. AUTHORIZATION OF APPROPRIATIONS.**

7 *Section 211 of the Education of the Deaf Act of 1986*
8 *(20 U.S.C. 4360) is amended—*

9 (1) *in subsection (a), by striking “such sums as*
10 *may be necessary for each of the fiscal years 1993*
11 *through 1997” and inserting “\$83,480,000 for fiscal*
12 *year 1999, \$84,732,000 for fiscal year 2000,*
13 *\$86,003,000 for fiscal year 2001, \$87,293,000 for fis-*
14 *cal year 2002, and \$88,603,000 for fiscal year 2003”;*

15 (2) *in subsection (b), by striking “such sums as*
16 *may be necessary for each of the fiscal years 1993*
17 *through 1997” and inserting “\$44,791,000 for fiscal*
18 *year 1999, \$46,303,000 for fiscal year 2000,*
19 *\$50,136,000 for fiscal year 2001, \$50,818,000 for fis-*
20 *cal year 2002, and \$46,850,000 for fiscal year 2003”;*
21 *and*

22 (3) *by redesignating such section as section 210.*

1 **PART B—EXTENSION AND REVISION OF INDIAN**
 2 **HIGHER EDUCATION PROGRAMS**
 3 **SEC. 951. TRIBALLY CONTROLLED COLLEGES AND UNIVER-**
 4 **SITIES.**

5 (a) *EXTENSION TO COLLEGES AND UNIVERSITIES.*—
 6 *The Tribally Controlled Community College Assistance Act*
 7 *of 1978 (25 U.S.C. 1801 et seq.) is amended—*

8 (1) *by striking “community college” each place*
 9 *it appears and inserting “college or university”;*

10 (2) *by striking “community colleges” each place*
 11 *it appears and inserting “colleges and universities”;*

12 (3) *by striking “COMMUNITY COLLEGES” in*
 13 *the heading of title I and inserting “COLLEGES*
 14 *AND UNIVERSITIES”;*

15 (4) *by striking “community college’s” in section*
 16 *2(b)(5) and inserting “college’s or university’s”;*

17 (5) *by striking “the college” in sections 102(b),*
 18 *113(c)(2), and 305(a) and inserting “the college or*
 19 *university”;*

20 (6) *by striking “such colleges” in sections*
 21 *104(a)(2) and 111(a)(2) and inserting “such colleges*
 22 *and universities”;*

23 (7) *by striking “COMMUNITY COLLEGES” in the*
 24 *heading of section 107 and inserting “COLLEGES AND*
 25 *UNIVERSITIES”;*

1 (8) *by striking “such college” each place it ap-*
 2 *pears in sections 108(a), 113(b)(2), 113(c)(2), 302,*
 3 *303, 304, and 305 and inserting “such college or uni-*
 4 *versity”;*

5 (9) *by striking “such colleges” in section 109(b)*
 6 *and inserting “such college or university”;*

7 (10) *in section 110(a)(4), by striking “Tribally*
 8 *Controlled Community Colleges” and inserting “trib-*
 9 *ally controlled colleges and universities”;*

10 (11) *by striking “COMMUNITY COLLEGE” in*
 11 *the heading of title III and inserting “COLLEGE*
 12 *AND UNIVERSITY”;*

13 (11) *by striking “that college” in sections*
 14 *302(b)(4) and 305(a) and inserting “such college or*
 15 *university”; and*

16 (12) *by striking “other colleges” in section*
 17 *302(b)(4) and insert “other colleges and universities”.*

18 (b) *TITLE I ELIGIBLE GRANT RECIPIENTS.—Section*
 19 *103 of the Tribally Controlled Community College Assist-*
 20 *ance Act of 1978 (25 U.S.C. 1804) is amended—*

21 (1) *by striking “and” at the end of paragraph*
 22 (2);

23 (2) *by striking the period at the end of para-*
 24 *graph (3) and inserting “; and”; and*

1 (3) *by adding at the end the following new para-*
2 *graph:*

3 “(4) *has been accredited by a nationally recog-*
4 *nized accrediting agency or association determined by*
5 *the Secretary of Education to be a reliable authority*
6 *as to the quality of training offered, or is, according*
7 *to such an agency or association, making reasonable*
8 *progress toward such accreditation.”.*

9 (c) *ELIGIBILITY AND ACCREDITATION.*—Section 106 of
10 *such Act (25 U.S.C. 1806) is amended—*

11 (1) *in the section heading, by inserting “AND AC-*
12 *CREDITATION PROGRAM” after “STUDIES”;*

13 (2) *by redesignating subsection (c) as subsection*
14 *(d); and*

15 (3) *by inserting after subsection (b) the following*
16 *new subsection:*

17 “(c) *The Secretary of Education shall assist tribally*
18 *controlled colleges and universities in the development of a*
19 *national accrediting agency or association for such colleges*
20 *and universities.”.*

21 (d) *AMOUNT OF TITLE I GRANTS.*—Section 108(a)(2)
22 *of such Act (25 U.S.C. 1808(a)(2)) is amended by striking*
23 *“\$5,820” and inserting “\$6,000”.*

1 (e) *CLERICAL AMENDMENT.*—Section 109 of such Act
 2 (25 U.S.C. 1809) is amended by redesignating subsection
 3 (d) as subsection (c).

4 (f) *AUTHORIZATION OF APPROPRIATIONS FOR TITLE*
 5 I.—Section 110 of such Act (25 U.S.C. 1810) is amended—

6 (1) by striking “1993” each place it appears and
 7 inserting “1999”; and

8 (2) in subsection (a)(2), by striking
 9 “\$30,000,000” and inserting “\$40,000,000”.

10 (g) *AUTHORIZATION OF APPROPRIATIONS FOR TITLES*
 11 III AND IV.—Sections 306 and 403 of such Act (25 U.S.C.
 12 1836, 1852) are each amended by striking “1993” and in-
 13 serting “1999”.

14 **SEC. 952. REAUTHORIZATION OF PROVISIONS FROM HIGH-**
 15 **ER EDUCATION AMENDMENTS OF 1992.**

16 Title XIII of the Higher Education Amendments of
 17 1992 (25 U.S.C. 3301 et seq.) is amended by striking
 18 “1993” each place it appears in sections 1348, 1365, and
 19 1371(e), and inserting “1999”.

20 **SEC. 953. REAUTHORIZATION OF NAVAJO COMMUNITY COL-**
 21 **LEGE ACT.**

22 Section 5(a)(1) of the Navajo Community College Act
 23 (25 U.S.C. 640c–1) is amended by striking “1993” and in-
 24 serting “1999”.

1 **TITLE X—FACULTY RETIREMENT**
2 **PROVISIONS**

3 **SEC. 1001. VOLUNTARY RETIREMENT INCENTIVE PLANS.**

4 (a) *IN GENERAL.*—Section 4 of the Age Discrimina-
5 tion in Employment Act of 1967 (29 U.S.C. 623) is amend-
6 ed by adding at the end the following:

7 “(m) Notwithstanding subsection (f)(2)(B), it shall not
8 be a violation of subsection (a), (b), (c), (e), or (i) solely
9 because a plan of an institution of higher education (as de-
10 fined in section 1201(a) of the Higher Education Act of
11 1965 (20 U.S.C. 1141(a))) offers employees who are serving
12 under a contract of unlimited tenure (or similar arrange-
13 ment providing for unlimited tenure) additional benefits
14 upon voluntary retirement that are reduced or eliminated
15 on the basis of age, if—

16 “(1) such institution does not implement with
17 respect to such employees any age-based reduction or
18 elimination of benefits that are not such additional
19 benefits, except as permitted by other provisions of
20 this Act; and

21 “(2) with respect to each of such employees who
22 have, as of the time the plan is adopted, attained the
23 minimum age and satisfied all non-age-based condi-
24 tions for receiving a benefit under the plan, such em-
25 ployee is not precluded on the basis of age from hav-

ing 1 opportunity lasting not less than 180-days to
 2 elect to retire and to receive the maximum benefit
 3 that would be available to a younger employee if such
 4 younger employee were otherwise similarly situated to
 5 such employee.”.

6 (b) CONSTRUCTION.—

7 (1) APPLICATION.—Nothing in the amendment
 8 made by subsection (a) shall be construed to affect the
 9 application of section 4 of the Age Discrimination in
 10 Employment Act of 1967 (29 U.S.C. 623) with respect
 11 to—

12 (A) any employer other than an institution
 13 of higher education (as defined in section
 14 1201(a) of the Higher Education Act of 1965); or

15 (B) any plan not described in subsection
 16 (m) of section 4 of such Act (as added by sub-
 17 section (a)).

18 (2) RELATIONSHIP TO PROVISIONS RELATING TO
 19 VOLUNTARY EARLY RETIREMENT INCENTIVE PLANS.—
 20 Nothing in the amendment made by subsection (a)
 21 shall be construed to imply that a plan described in
 22 subsection (m) of section 4 of such Act (as added by
 23 subsection (a)) may not be considered to be a plan de-
 24 scribed in section 4(f)(2)(B)(ii) of such Act (29 U.S.C.
 25 623(f)(2)(B)(ii)).

1 (c) *EFFECTIVE DATE.*—

2 (1) *IN GENERAL.*—*This section shall take effect*
3 *on the date of enactment of this Act.*

4 (2) *EFFECT ON CAUSES OF ACTION EXISTING BE-*
5 *FORE DATE OF ENACTMENT.*—*The amendment made*
6 *by subsection (a) shall not apply with respect to any*
7 *cause of action arising under the Age Discrimination*
8 *in Employment Act of 1967 prior to the date of en-*
9 *actment of this Act.*